

September 19, 2002, is granted, subject to reconsideration in response to any objection lodged by other participants in this proceeding.

4. The Commission will sit en banc in this proceeding.

5. The deadline for filing notices of intervention and comments regarding the appropriateness of proceeding under rules 67 through 67d is October 17, 2002.

6. Answers to the Service's motion for waiver of certain filing requirements, to its motion for joint sponsorship of proposals, and to Capital One's motion for leave to intervene and jointly sponsor the proposals are due no later than October 17, 2002.

7. Written discovery pursuant to rules 26–28 may be undertaken upon intervention.

8. The Postal Service and Capital One Services, Inc. shall respond to discovery requests within 10 days.

9. A prehearing conference will be held Wednesday, October 23, 2002, at 10 a.m. in the Commission's hearing room.

10. Shelley S. Dreifuss, director of the Commission's Office of the Consumer Advocate, is designated to represent the interests of the general public.

11. The Secretary shall arrange for publication of this notice and order in the **Federal Register**.

By the Commission.

Steven W. Williams,

Secretary.

[FR Doc. 02–24772 Filed 9–27–02; 8:45 am]

BILLING CODE 7710–FW–P

POSTAL SERVICE BOARD OF GOVERNORS

Sunshine Act Meeting

TIMES AND DATES: 1 p.m., Monday, October 7, 2002; 8:30 a.m., Tuesday, October 8, 2002.

PLACE: Memphis, Tennessee, at the Peabody Hotel, 149 Union Avenue, in the Continental Ballroom.

STATUS: October 7—1 p.m. (Closed); October 8—8:30 a.m. (Open).

MATTER TO BE CONSIDERED:

Monday, October 7—1 p.m. (Closed)

1. Financial Performance.
2. Biohazard Detection System.
3. Strategic Planning.
4. Personnel Matters and Compensation Issues.

Tuesday, October 8—8:30 a.m. (Open)

1. Minutes of the Previous Meeting, September 5–6, 2002.
2. Remarks of the Postmaster General and CEO.

3. Board of Governors Calendar Year 2003 Meeting Schedule.

4. Office of the Governors Fiscal Year 2003 Budget.

5. Report on the FedEx Network.

6. Report on the Tennessee District.

7. Tentative Agenda for the November 4–5, 2002, meeting in Washington, DC

FOR FURTHER INFORMATION CONTACT:

William T. Johnstone, Secretary of the Board, U.S. Postal Service 475 L'Enfant Plaza, SW., Washington, DC 20260–1000. Telephone (202) 268–4800.

William T. Johnstone,

Secretary.

[FR Doc. 02–24956 Filed 9–26–02; 3:30 pm]

BILLING CODE 7710–12–M

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

FEDERAL REGISTER CITATION OF PREVIOUS

ANNOUNCEMENT: [67 FR 59322, September 20, 2002].

STATUS: Closed Meeting.

PLACE: 450 Fifth Street, NEW., Washington, DC.

DATE AND TIME OF PREVIOUSLY ANNOUNCED

MEETING: Tuesday, September 24, 2002 at 2:30 p.m.

CHANGE IN THE MEETING: Additional Meeting.

An additional Closed Meeting was held on Wednesday, September 25, 2002 at 10:15 a.m. The subject matter of the September 25, 2002 Closed Meeting was: Adjudicatory matter.

Commissioner Campos, as duty officer, determined that no earlier notice thereof was possible.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact:

The Office of the Secretary at (202) 942–7070.

Dated: September 25, 2002.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02–24821 Filed 9–25–02; 4:26 pm]

BILLING CODE 8010–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–46519; File No. SR–CBOE–2002–46]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to Its AutoQuote Triggered Ebook Execution System

September 20, 2002.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b–4 thereunder,² notice is hereby given that on August 21, 2002, the Chicago Board Options Exchange, Inc. (“CBOE” or “Exchange”), filed with the Securities and Exchange Commission (“Commission” or “SEC”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the CBOE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend its “Trigger” rule (Rule 6.8(d)(v)) to provide that the Trigger Volume shall be set at a size not to exceed the RAES eligible order size for the particular series of options, and that the appropriate Floor Procedure Committee shall be responsible for setting the Trigger Volume. Below is the text of the proposed rule change. Proposed new language is *italicized*. Proposed deletions are in [brackets].

* * * * *

Chicago Board Options Exchange, Inc.

Rules

* * * * *

Chapter VI—Doing Business on the Exchange Floor

Section A: General

RAES Operations

* * * * *

Rule 6.8 (a)—(c) No change.

(d) Execution on RAES

(i)—(iv) No change.

(v) Notwithstanding sub-paragraph (d)(iv), for classes of options as determined by the appropriate Floor Procedure Committee, for any series of options where the bid or offer generated by the Exchange's Autoquote system (or any Exchange approved proprietary

¹ 15 U.S.C. 78s(b)(1)

² 17 CFR 240.19b–4.

quote generation system used in lieu of the Exchange's Autoquote system) is equal to or crosses the Exchange's best bid or offer as established by an order in the Exchange's limit order book, orders in the book for options of that series will be automatically executed against participants on RAES ("Trigger") up to a size not to exceed the number of contracts equal to the applicable maximum size of RAES-eligible orders for that series of options ("Trigger Volume"). *The appropriate Floor Procedure Committee is responsible for determining the Trigger Volume for a particular series of options.* In the event a member in the trading crowd verbally initiates a trade with a book order prior to the time the book staff announces to the trading crowd that the order has been removed from the book by Trigger, the book staff will manually endorse the book order to that member(s). In the event the order in the book is for a larger number of contracts than the applicable [RAES contract limit] *Trigger Volume*, the balance of the book order will be executed manually by the trading crowd. In the limited circumstance where contracts remain in the book after an execution of a book order up to the applicable [RAES contract limit] *Trigger Volume*, and the disseminated quote remains crossed or locked with the Autoquote bid or offer, or for any series where Trigger has not yet been implemented by the appropriate Floor Procedure Committee, orders in RAES for options of that series will not be automatically executed but instead will be rerouted on ORS to the crowd PAR terminal or to another location in the event of system problems or contrary firm routing instructions.

(e)–(g) No change.

* * * Interpretations and Policies

.01–.09 No change.

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II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the CBOE included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The CBOE has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Rule 6.8(d)(v), which governs the operation of the AutoQuote Triggered EBook Execution system ("Trigger"). Trigger is a system that allows certain orders resting in the book to be automatically executed in the limited situation where the bid or offer for a series of options generated by the Exchange's AutoQuote system (or any Exchange approved proprietary quote generation system used in lieu of the Exchange's AutoQuote system) is equal to or crosses the Exchange's best bid or offer for that series as established by a booked order.³ The Exchange proposes to amend the Trigger rule to provide that the Trigger system will automatically remove orders in the Exchange's limit order book up to the "Trigger Volume" amount, which will be an amount not to exceed the RAES eligible size for the particular series of options. The appropriate Floor Procedure Committee shall be responsible for setting the Trigger Volume for a particular series of options.

Currently, the Trigger rule provides that Trigger will remove orders in the book up to the RAES size for the particular series of options. Thus, under the current rule, the volume that is removed from the book by Trigger cannot be set at a size less than the RAES size (and clearly, the volume cannot exceed the RAES size). As Dynamic Quotes with Size ("DQWS") has been rolled out across the trading floor, trading crowds have increased the RAES eligible order size for their options, in some cases up to 250 contracts. In these crowds, because the Trigger size is tied to the RAES size, Trigger will automatically remove up to 250 contracts from the book when there is a large order in the book that is setting the market and AutoQuote crosses or locks with that book order. The size of booked orders that Trigger removes is now currently much larger than was originally contemplated when Trigger was implemented.

Under the Trigger rule, a book order removed by Trigger will be endorsed to

the RAES wheel or manually endorsed to certain crowd members when required. In classes that have increased their RAES size since the inception of DQWS, more orders are being executed on RAES and larger book orders are being removed by Trigger and endorsed to the RAES wheel, resulting in fewer orders for market-makers to compete for.

Therefore, the Exchange proposes to amend the Trigger rule to provide that the volume Trigger will automatically remove from the book (Trigger Volume) may be set up to a size not to exceed the RAES eligible size for the particular series of options. As a result, the Trigger Volume could be set at a size lower than the RAES size (such as 50 contracts, which may have been the RAES size prior to DQWS).

The Exchange believes that this proposed rule change simply provides that Trigger will operate in the same fashion that it did prior to DQWS in those classes that have increased their RAES sizes, while providing those trading crowd members with the opportunity to trade with part of a large book order that is setting the market and is locked or crossed with AutoQuote.

Additionally, the Exchange proposes to amend the Trigger rule to provide that the appropriate Floor Procedure Committee ("FPC") shall be responsible for setting the Trigger Volume for a particular series of options. Currently, the Trigger rule provides only that the appropriate FPC has the authority to determine the classes that are eligible for Trigger. The Exchange believes that it should be explicitly set forth in the rule that the appropriate FPC also has the authority to set the Trigger Volume.

2. Statutory Basis

The proposed rule change is consistent with and furthers the objectives of section 6(b)(5) of the Act in that it is designed to remove impediments to a free and open market and to protect investors and the public interest.

B. Self-Regulatory Organization's Statement on Burden on Competition

The CBOE does not believe that the proposed rule change will impose any burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

No written comments were solicited or received with respect to the proposed rule change.

³ The Commission approved the rule governing the Trigger system in Securities Exchange Act Release No. 44462 (June 21, 2001), 66 FR 34495 (June 28, 2002) (approving SR-CBOE-00-22) ("Original Order"). For a detailed description of the operation of the Trigger System, see the Original Order and Securities Exchange Act Release No. 45992 (May 29, 2002), 67 FR 38530 (June 4, 2002) (approving SR-CBOE-2002-12).

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposal is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of CBOE. All submissions should refer to File No. CBOE-2002-46 and should be submitted by October 21, 2002.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁴

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02-24696 Filed 9-27-02; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46533; File No. SR-CHX-2002-05]

Self-Regulatory Organizations; Order Approving Proposed Rule Change by the Chicago Stock Exchange, Incorporated Requesting Permanent Approval of Pilot Rules Relating to the Securities Industry Transition to Decimal Pricing

September 23, 2002.

On March 1, 2001, the Chicago Stock Exchange, Incorporated ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² a proposed rule change requesting permanent approval of pilot rules relating to decimal pricing. The **Federal Register** published the proposed rule change for comment on February 2, 2001.³ The Commission received no comments on the proposal.

Specifically, the Exchange proposes permanent approval of changes to Article XX, Rule 37 which (1) allow specialists to elect, on an issue by issue basis, to either manually or automatically execute limit orders when a trade-through occurs in the primary market; (2) remove the "pending auto-stop" functionality from the Exchange's systems; and (3) allow a specialist, on an issue by issue basis, to establish an auto execution guarantee that is not dependent on the ITS Best Bid or Offer ("ITS BBO") or National Best Bid or Offer ("NBBO") size. The Exchange also proposes permanent approval of the pilot rule change to Article XX, Rule 23 of the Exchange's rules, which governs participation in crossing transactions in Nasdaq/NM securities effected on the floor of the Exchange. On August 24, 2000, the Commission originally approved the pilots⁴ and, by a series of subsequent submissions, each pilot was

extended to September 30, 2002.⁵ The Commission finds that the proposed rule change is consistent with the Act and the rules and regulations under the Act applicable to a national securities exchange and, in particular, the requirements of section 6(b) of the Act.⁶ Specifically, the Commission finds that the proposed rule change is consistent with the Section 6(b)(5)⁷ requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts and, in general, to protect investors and the public interest.⁸ The Commission believes that the proposal is reasonably designed to limit the impact on the Exchange of the change to a decimal pricing environment. The Commission notes that no comments have been received since the proposed rule change was approved on a pilot basis over two years ago.

It is therefore ordered, pursuant to section 19(b)(2) of the Act,⁹ that the proposed rule change (SR-CHX-2002-05) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02-24699 Filed 9-27-02; 8:45 am]

BILLING CODE 8010-01-P

⁵ See Securities Exchange Act Release Nos. 43974 (February 16, 2001), 66 FR 11621 (February 26, 2001) (SR-CHX-2001-03) (extending Omnibus Decimal Pilot through July 9, 2001); 44488 (June 28, 2001), 66 FR 35684 (July 6, 2001) (SR-CHX-2001-13) (extending Omnibus Decimal Pilot through November 5, 2001); 45059 (November 15, 2001), 66 FR 58543 (November 21, 2001) (SR-CHX-2001-20) (extending Omnibus Decimal Pilot through January 14, 2002), 45481 (February 27, 2002), 67 FR 10244 (March 6, 2002) (SR-CHX-2002-01) (extending Omnibus Decimal Pilot through April 15, 2002); and 45819 (April 24, 2002), 67 FR 21787 (May 1, 2002) (extending the Omnibus Decimal Pilot until September 30, 2002); see also, Securities Exchange Act Release Nos. 44000 (February 23, 2001), 66 FR 13361 (March 5, 2001) (extending Crossing Rule Decimal Pilot through July 9, 2001), 45010 (November 1, 2001), 66 FR 56585 (November 8, 2001) (SR-CHX-2001-22) (extending Crossing Rule Decimal Pilot through January 14, 2002), 45482 (February 27, 2002), 67 FR 10243 (March 6, 2002) (SR-CHX-2002-03) (extending Crossing Rule Decimal Pilot through April 15, 2002); and 45819 (April 24, 2002), 67 FR 21787 (May 1, 2002) (extending the Crossing Rule Decimal Pilot until September 30, 2002).

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

⁸ In approving this rule change, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁹ 15 U.S.C. 78s(b)(2).

¹⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 43882 (January 24, 2001), 66 FR 8819.

⁴ These changes were proposed in two separate CHX submissions, the second of which dealt solely with decimal-related changes to the Exchange's crossing rule, Article XX, Rule 23. See Securities Exchange Act Release No. 43204 (August 24, 2000), 65 FR 53065 (August 31, 2000) (SR-CHX-00-22) (approving changes to various CHX rules on a pilot basis ("Omnibus Decimal Pilot")); see also Securities Exchange Act Release No. 43203 (August 24, 2000), 65 FR 53067 (August 31, 2000) (SR-CHX-00-13) (approving changes to the CHX crossing rule on a pilot basis ("Crossing Rule Decimal Pilot")).

⁴ 17 CFR 200.30-3(a)(12).