

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48528; File No. SR-Amex-2003-10]

Self-Regulatory Organizations; Order Granting Approval of Proposed Rule Change by the American Stock Exchange LLC, Relating to Its After-Hours Trading Facility

September 24, 2003.

On February 24, 2003, the American Stock Exchange LLC ("Amex" 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 relating to the operation of its After Hours Trading Facility ("AHTF"). Notice of the proposed rule change was published for comment in the **Federal Register** on August 20, 2003.³ No comments were received on the proposed rule change.

Current Amex rules provide that only specialists registered in Portfolio Depositary Receipts, Index Fund Shares or unit investment trusts may participate in the AHTF for their dealer account in these securities. In brief, Amex now proposes to permit specialists in stocks or other equity-traded securities to do so in order to offset an imbalance of orders in the AHTF. In such a case, if any open agency orders to buy or sell on the specialist's book limited to the closing price remain unexecuted after the specialist buys or sells the security at its price in the AHTF, the specialist will be required to offer that execution to each such order in time priority until it is accepted or all such orders have rejected it.

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.⁴ Specifically, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,⁵ which requires, among other things, that the rules of an exchange be designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged

in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market, to protect investors and the public interest, and not designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The Commission believes that the proposed rule change appears to be reasonably designed to reduce volatility on the close by allowing Amex specialists to offset order imbalances in the AHTF with orders for their dealer accounts.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁶ that the proposed rule change (File No. SR-Amex-2003-10) be, and it hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48534; File No. SR-Amex-2003-75]

Self-Regulatory Organizations; Order of Accelerated Approval of Proposed Rule Change by the American Stock Exchange LLC Relating to Eight Series of the iShares Trust Based on a Specified Fixed Income Index

September 24, 2003.

On August 20, 2003, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act"),¹ and Rule 19b-4 thereunder,² a proposal to list under Rule 1000A the following eight additional series of the iShares Trust (each a "New Fund") based on indexes of fixed income securities selected to correspond generally to the performance of a specified U.S. bond index (each, an "Underlying Index"): (1) iShares Lehman Short U.S. Treasury Bond Fund; (2) iShares Lehman 3-7 Year U.S. Treasury Bond Fund; (3) iShares Lehman 10-20 Year U.S. Treasury Bond Fund; (4) iShares Lehman U.S. Treasury Inflation Protected Securities Fund; (5) iShares Lehman U.S. Credit Bond Fund; (6) iShares Lehman Intermediate U.S.

Credit Bond Fund; (7) iShares Lehman Intermediate U.S. Government/Credit Bond Fund; and (8) iShares Lehman U.S. Aggregate Bond Fund.

On September 2, 2003, the proposal was published for public comment in the **Federal Register**.³ The Commission received no comments on the proposal. This order grants accelerated approval to the proposed rule change.

Amex Rule 1000A provides standards for listing Index Fund Shares, which are securities issued by an open-end management investment company (open-end mutual fund) for Exchange trading. These securities are registered under the Investment Company Act of 1940 ("1940 Act") as well as the Exchange Act. The Commission previously approved amendments to Rule 1000A to accommodate the listing of Index Fund Shares based on an index of fixed income securities, and in particular, series of the iShares Trust based on indexes of fixed income securities.⁴

After careful review, the Commission finds that implementation of the proposed rule change is consistent with the requirements of section 6 of the Exchange Act⁵ and the rules and regulations thereunder applicable to a national securities exchange⁶ and, in particular, the requirements of section 6 of the Act.⁷ Specifically, the Commission believes that the proposal is consistent with section 6(b)(5) of the Exchange Act.⁸ The Commission believes that the availability of the New Funds will provide an instrument for investors to achieve desired investment results that correspond generally to the price and yield performance of the underlying U.S. Bond Index. The investment objective of each New Fund will be to provide investment results that correspond generally to the price and yield performance of the underlying index based on fixed income securities.

Accordingly, the Commission finds that the Exchange's proposal will facilitate transactions in securities, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest, and is not designed to permit

³ See Securities Exchange Act Release No. 48398 (August 22, 2003), 68 FR 52245 ("Notice").

⁴ See Securities Exchange Act Release No. 46252 (July 24, 2002), 67 FR 49715 (July 31, 2002) ("Previous Approval Order").

⁵ 15 U.S.C. 78f.

⁶ In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁷ 15 U.S.C. 78f.

⁸ *Id.*

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Release No. 34-48334 (August 13, 2003), 68 FR 50200.

⁴ In approving this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁵ 15 U.S.C. 78f(b)(5).

⁶ 15 U.S.C. 78s(b)(2).

⁷ 17 CFR 200.30-3(a)(12).

⁸ 15 U.S.C. 78s(b)(1).

⁹ 17 CFR 240.19b-4.