

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44333; File No. SR-ODD-00-04]

Self-Regulatory Organizations; Canadian Derivatives Clearing Corporation; Order Approving Proposed Amendments to Options Disclosure Document

May 22, 2001.

On May 17, 2001, the Canadian Derivatives Clearing Corporation ("CDCC")¹ and Bourse de Montréal, Inc. ("Bourse de Montréal") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Rule 9b-1 under the Securities Exchange Act of 1934 ("Act"),² five definitive copies of an amended options disclosure document ("ODD"), which describes the risks and characteristics of Canadian exchange-traded put and call options traded on the Bourse de Montréal.³

The Commission has reviewed the amended ODD and finds that it complies with Rule 9b-1 under the Act.⁴ Among other things, the CDCC and Bourse de Montréal have revised the ODD to describe changes in the Canadian marketplace. Previously, options cleared and settled by the CDCC were purchased and sold in transactions on the Montréal Exchange (now the Bourse de Montréal), the Toronto Stock Exchange ("TSE"), the Toronto Futures Exchange ("TFE"), and the Vancouver Stock Exchange ("VSE"). Under a Memorandum of Agreement dated March 15, 1999, the Alberta Stock Exchange ("ASE"), the Bourse de Montréal, the TSE, and the VSE agreed that the ASE and the VSE would combine to create a single junior equities market, that all senior equities would be transferred to the TSE, and that the Bourse de Montréal would trade all exchange-traded derivative products, including any type of option contracts. Under this agreement, derivative

¹ The CDCC was formerly known as Trans Canada Options Inc. ("TCO"). The name of the corporation was changed in January 1996.

² 17 CFR 240.19b-1.

³ The Commission initially approved the use and distribution of the TCO ODD in 1984. See Securities Exchange Act Release No. 21365 (October 2, 1984), 49 FR 39400 (October 5, 1984). The Commission subsequently approved several amended versions of the TCO ODD, and after 1996, the CDCC ODD. See Securities Exchange Act Release Nos. 37569 (August 14, 1996), 61 FR 43281 (August 21, 1996); 29033 (April 1, 1991), 56 FR 14407 (April 9, 1991); 24480 (May 19, 1987), 52 FR 20179 (May 29, 1987); and 22349 (August 21, 1985), 50 FR 34956 (August 28, 1985).

⁴ 17 CFT 240.9b-1.

products traded on the TFE were transformed to the Bourse de Montréal.

Other revisions to the ODD include: a discussion of Enhanced Capital Monitoring,⁵ which was introduced in October 2000; a clarification of certain U.S. federal income tax aspects of options transactions; and the addition of new terms to the ODD glossary. The revised ODD further states that the CDCC is now issuing options on the S&P/TSE 60 Index and deletes reference to the TSE 35 Index options and TSE 100 Index options, which the CDCC no longer issues.

Rule 9b-1 under the Act provides that an options market must file five preliminary copies of an amended ODD with the Commission at least 30 days prior to the date when definitive copies of the ODD are furnished to customers, unless the Commission determines otherwise, having due regard to the adequacy of information disclosed and the protection of investors.⁶ The Commission has reviewed the amended ODD, and finds that it is consistent with the protection of investors and in the public interest to allow the distribution of the disclosure document as of the date of this order.⁷

It is therefore ordered, pursuant to Rule 9b-1 under the Act,⁸ that the proposed amendment to the CDCC and Bourse de Montréal ODD (SR-ODD-00-04) is approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01-13330 Filed 5-25-01; 8:45 am]

BILLING CODE 8010-01-M

⁵ Enhanced Capital Monitoring is a process designed to assess and mitigate the credit risk of a CDCC Clearing Member to which the CDCC is exposed.

⁶ This provision is intended to permit the Commission either to accelerate or extend the time period in which definitive copies of a disclosure document may be distributed to the public.

⁷ Rule 9b-1 under the Act provides that the use of an ODD shall not be permitted unless the options class to which the documents relates is the subject of an effective registration statement on Form S-20 under the Securities Act of 1933. On April 20, 2001, the Commission, pursuant to delegated authority, declared effective the CDCC's most recent Post-Effective Amendment to its Form S-20 registration statement. See File No. 2-69458.

⁸ 17 CFR 240.9b-1.

⁹ 17 CFR 200.30-3(a)(39)(i).

SECURITIES AND EXCHANGE COMMISSION

[Docket No. 34-4331; File No. SR-ISE-2001-11]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the International Securities Exchange LLC To Trade Standardized Equity Options on Trust Issued Receipts

May 21, 2001.

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 April 20, 2001, the International Securities Exchange LLC ("ISE" and "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. On May 17, 2001, the ISE submitted Amendment No. 1 to the proposed rule change.³ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and to approve the proposed rule change on an accelerated basis.

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

The Exchange proposes to adopt new listing and maintenance standards to allow for trading of standardized equity options on trust issued receipts. The text of the proposed rule change follows. Proposed new language is in italics.

* * * * *

Rule 502. Criteria for Underlying Securities

* * * * *

(j) Securities deemed appropriate for options trading shall include shares or other securities ("Trust Issued Receipts") that are principally traded on a national securities exchange or through the facilities of a national

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See letter to Susie Cho, Division of Market Regulation ("Division"), SEC, from Michael Simon, Senior Vice President and General Counsel, ISE, dated May 16, 2001 ("Amendment No. 1"). In Amendment No. 1, the ISE noted that the trust issued receipts will be issued upon the deposit of the shares of underlying securities represented by a round-lot of 100 receipts and that the trust will cancel, and an investor may obtain, hold, trade or surrender trust issued receipts in a round-lot and round-lot multiples of 100 receipts. The ISE also added proposed margin requirements for options on trust issued receipts and corrected a typographical error in the proposed rule language.