

acts and, in general, to protect investors and the public interest.

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

CBOE does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange has engaged in a substantial and extensive educational program to apprise members of the features of the CBOE Hybrid System. During this two-month long process, members and staff of the Exchange conducted weekly seminars for CBOE members to provide guidance as to how the CBOE Hybrid System would operate. To date, the Exchange received one comment letter.²⁶ The Arciero Letter primarily expressed concern regarding the future of the trading floor in the hybrid environment when the Exchange allows electronic quoting. The Arciero Letter indicated that largely capitalized market making organizations would have sufficient competitive advantages in Hybrid by virtue of their larger capitalization structures. In response to the Arciero Letter, the Exchange scheduled additional educational seminars identical to those previously conducted during September and October of this year. The Exchange notes that most, if not all, of the Arciero Letter concerns were addressed in those educational seminars.

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.

²⁶ Letter from Tony Arciero, CBOE Member, to Ed Tilly, Chairman, Equity Floor Procedure Committee, CBOE, dated November 7, 2002 ("Arciero Letter").

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change, as amended, 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 Section, 450 Fifth Street, NW., Washington, DC 20549. 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. SR-CBOE-2002-05 and should be submitted by May 13, 2003.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²⁷

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-47680; File No. SR-CHX-2003-10]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto by the Chicago Stock Exchange, Inc. To Amend Its Membership Dues and Fees Schedule To Confirm the Amount of Consolidated Tape Association Credits Available to Its Members

April 15, 2003.

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 March 31, 2003, the Chicago Stock Exchange, Inc. ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule

change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange filed the proposal pursuant to Section 19(b)(3)(A) of the Act,³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposal effective upon filing with the Commission. The Exchange amended the proposal on April 14, 2003.⁵ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, 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 membership dues and fees schedule ("Schedule") to confirm the amount of Consolidated Tape Association ("CTA") credits available to members. The text of the proposed rule change is available upon request from the Office of the Secretary, the Commission, and the Exchange.

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 Exchange 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 Exchange 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 purpose of the proposed change to the Schedule is to clarify the amount of CTA credits available to CHX member firms. The Exchange, like other national

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ See letter from Ellen J. Neely, Senior Vice President and General Counsel, CHX, to Joseph P. Morra, Special Counsel, Division of Market Regulation, Commission, dated April 10, 2003 ("Amendment No. 1"). In Amendment No. 1, the Exchange submitted a revised Exhibit A, which replaced in its entirety, the Exhibit A submitted with the initial filing. Specifically, in the revised Exhibit A, the Exchange made technical corrections to the proposed rule text contained in the Exhibit A submitted with the initial filing. For purposes of calculating the 60-day abrogation period, the Commission considers the period to have commenced on April 14, 2003, the date the Exchange filed Amendment No. 1. 15 U.S.C. 78s(b)(3)(C).

²⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.