

provision for the pass-through of all miscellaneous fees to its members who incur such charges as a result of trading activity on the Exchange. The provision would allow for, among other things, as applicable, the pass-through of all Nasdaq fees, other market center access fees, ECN access fees, trading-related telecommunications charges, market data service charges, and other similar charges.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with section 6 of the Act,⁶ in general, and section 6(b)(4) of the Act,⁷ in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among its members.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is 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 neither solicited nor received comments on the proposed rule change.

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

The proposed rule change has become immediately effective pursuant to section 19(b)(3)(A)(ii) of the Act,⁸ and subparagraph (f)(2) of Rule 19b-4 thereunder,⁹ in that it establishes or changes a due, fee, or other charge imposed by the self-regulatory organization. At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate the rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change 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 the Exchange. All submissions should refer to File No. SR-BSE-2003-03 and should be submitted by June 5, 2003.

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

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-47818; File No. SR-CBOE-2003-02]

Self-Regulatory Organizations; Order Granting Approval of Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to the Reporting of Other Affiliations of Associated Persons to the Exchange

May 8, 2003.

I. Introduction

On January 9, 2003, the Chicago Board Options Exchange, Inc. ("CBOE" 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 a member's obligation to report other affiliations of its Associated Persons ("APs") to the Exchange. Notice of the proposed rule change was published for comment in the **Federal Register** on February 5, 2003.³ The Commission received one comment letter on the proposed rule change.⁴ On

March 10, 2003, CBOE filed Amendment No. 1 to the proposed rule change.⁵ This order approves the proposed rule change, as amended.

II. Description of the Proposed Rule Change

A. Text of the Proposed Rule Change

The Exchange proposes to amend its rules requiring members to report outside business affiliations of their personnel to the Exchange. Below is the text of the proposed rule change. Proposed new language is *italicized*. Proposed deletions are in [brackets].⁶

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Chicago Board Options Exchange, Inc. Rules

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Rule 3.6A. Qualification and Registration of Certain Associated Persons

(a) Financial/Operations Principal. Each individual member or member organization subject to Exchange Act rule 15c3-1 shall designate a Financial/Operations Principal. The duties of a Financial/Operations Principal shall include taking appropriate actions to assure that the member complies with applicable financial and operational requirements under the rules and the Exchange Act, including but not limited to those requirements relating to the submission of financial reports and the maintenance of books and records. Each Financial/Operations Principal is required to have successfully completed the Financial and Operations Principal Examination (Series 27 Exam). Each Financial/Operations Principal designated by a member shall be registered in that capacity with the Exchange in a form and manner prescribed by the Exchange. A Financial/Operations Principal of a

A.G. Edwards & Sons, Inc., to Jonathan Katz, Secretary, Commission. The commenter expressed support for the proposed rule change.

⁵ In Amendment No. 1, CBOE added a comma immediately following the phrase "Financial / Operations Principal" in revised CBOE rule 9.4. This grammatical correction clarifies the scope of application of rule 9.4(b) to Registered Options Principals and Sales Supervisors, in accordance with the intent of the proposal, as described in the Notice. This is a technical amendment to the proposed rule change that does not require notice and comment. See e-mail from Jaime Galvan, Attorney, CBOE, to Andrew Shipe, Special Counsel, Division of Market Regulation, Commission, dated March 10, 2003 ("Amendment No. 1").

⁶ The text of the proposed rule change was published in the notice. This publication of rule text corrects a typographical error in the notice to show that the phrase "and Registered Representative" in revised CBOE rule 9.4(b) should have been marked as deleted by placing it in [brackets].

⁶ 15 U.S.C. 78f.

⁷ 15 U.S.C. 78f(b)(4).

⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

⁹ 17 CFR 240.19b-4(f)(2).

¹⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 47290 (January 30, 2003), 68 FR 5945 ("Notice").

⁴ March 6, 2003 letter from Brian C. Underwood, Senior Vice President—Director of Compliance,