

find that it is in the public interest to approve the rules as soon as possible to expedite the implementation of the proposed rules.

Accordingly, we believe good cause exists, consistent with sections 107 and 109 of the Act, and Section 19(b) of the Exchange Act, to approve Amendment No. 1 to the proposed rules on an accelerated basis.

Interested persons are invited to submit written data, views, and arguments concerning Amendment No. 1, including whether the amendments are consistent with the Act and the securities laws or are necessary or appropriate in the public interest or for the protection of investors. 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 amendments that are filed with the Commission, and all written communications relating to the amendments 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 at the Commission's Public Reference Room.

All submissions should refer to File No. PCAOB-2003-02 and should be submitted by September 8, 2003.

## V. Conclusion

Title I of the Act assigns to the PCAOB the task of designing and implementing registration, standard-setting, inspection, and disciplinary systems that promote the preparation of accurate, informative and independent audit reports. To fulfill these functions, the PCAOB must have a reliable source of funds and rules that provide for the allocation, assessment, and collection of fees in an equitable manner in accordance with section 109(d) of the Act.

Congress, in enacting section 109, required that the recoverable budget expenses of the PCAOB and the

accounting standard setting body be payable through accounting support fees assessed on issuers. Congress also set forth the basic formula for calculating the support fees based on issuers' relative market capitalizations.

The PCAOB is charged under section 109 to adopt rules, subject to the Commission's approval, that establish a reasonable annual accounting support fee (or a formula for the computation thereof) as may be necessary or appropriate to establish and maintain the Board, and provide for the equitable allocation and assessment of the support fees among, and collection of the support fees from, issuers. Section 109 directs the PCAOB to allow for differentiation of the fees among classes of issuers, as appropriate.

On the basis of the foregoing, the Commission finds that the proposed rules, as amended, are consistent with the requirements of the Act and the securities laws and are necessary and appropriate in the public interest and for the protection of investors.

*It is therefore ordered*, pursuant to sections 107 and 109 of the Act, and section 19(b)(2) of the Exchange Act, that the proposed rules (File No. PCAOB-2003-02), as amended, be and hereby are approved.

By the Commission.

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48271; File No. SR-BSE-2003-13]

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Boston Stock Exchange, Inc. Relating to the Initial Allocation Plan for the Proposed Boston Options Exchange Facility

August 1, 2003.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on July 30, 2003, the Boston Stock Exchange, Inc. ("BSE" 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 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 BSE proposes to add new Chapter XXXVII for the purpose of setting forth an Initial Allocation Plan for the proposed Boston Options Exchange facility ("BOX").<sup>3</sup> Proposed new language is *italicized*.

\* \* \* \* \*

### Chapter XXXVII

*Boston Options Exchange, Inc.*

Initial Class Allocation—Parameters and Criteria

*Sec. 1. In order to manage the initial allocation of classes for the proposed Boston Options Exchange ("BOX"), the BSE intends to launch trading on the proposed BOX market for the top 250 classes (as determined by OCC volume statistics). 1886 assignments will be allocated first, to be phased in for trading during the first three months following the launch date. The remaining assignments within the initial 250 classes will be allocated on a class by class basis during the following three months.*

*(a) Parameters. The following categories and criteria are the basis for the initial allocation process.*

Category	Ranking of classes	Number of market makers per class	OCC average daily volume (No. of contracts)
A .....	1	12	>100,000.
B .....	2-6	12	50,000 to 99,999.
C .....	7-11	12	25,000 to 49,999.

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 47186 (January 14, 2003), 68 FR 3062 (January 22, 2003) (SR-BSE-2002-15).