

public for review. Approximately 17 respondents filed Form SB-1 during the last fiscal year at an estimated 177 hours per response for a total annual burden of 12,036 hours. It is estimated that 25% of the total burden (3,009 hours) is prepared by the company. Also, persons who respond to the collection information contained in Form SB-1 are not required to respond unless the form displays a currently valid control number.

Written comments regarding the above information should be directed to the following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503; and (ii) Kenneth A. Fogash, Acting Associate Executive Director/CIO, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Comments must be submitted to OMB within 30 days of this notice.

Dated: August 5, 2003.

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48293; File No. SR-CBOE-2002-55]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto by the Chicago Board Options Exchange, Inc. Relating to Permanent Approval of the Rapid Opening System

August 6, 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 September 16, 2002, the Chicago Board Options Exchange, Inc. ("CBOE" 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 CBOE. On February 6, 2003, CBOE submitted Amendment No. 1 to the proposed rule change.³ 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

CBOE proposes to adopt ROS on a permanent basis.⁴ The text of the proposed rule change appears below. Deleted text is in brackets.

Rule 6.2A

(a)-(c) No change.

[(d) Pilot Program.

This Rule (and the sentences in Rule 6.2 and Rule 6.45 referring to this Rule) will be in effect until September 30, 2002 on a pilot basis.]

* * * Interpretation and Policies:

.01-.02 Unchanged.

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II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, CBOE 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. CBOE 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

On February 9, 1999, the Commission approved, on a pilot basis, the implementation of ROS.⁵ ROS is a

CBOE described its plans to incorporate the AutoQuotes sent into its Rapid Open System ("ROS") by market makers into its illegal quote width surveillance program; explained how the implementation of Phase V of the Consolidated Options Audit Trail plan would facilitate the Exchange's efforts at monitoring activities on ROS; provided greater detail regarding the observations of ROS openings conducted by Exchange staff during the pilot period; and made minor changes to its discussion section.

⁴ CBOE also proposed to extend the ROS pilot program. However, on September 25, 2002, CBOE submitted another proposal to extend the ROS pilot program, which replaced and superseded the portion of SR-CBOE-2002-55 that proposed to extend the ROS pilot program. This proposal was effective upon filing. See Securities Exchange Act Release No. 46572 (September 30, 2002), 67 FR 62508 (October 7, 2002).

⁵ See Securities Exchange Act Release No. 41033 (February 9, 1999), 64 FR 8156 (February 18, 1999) ("Pilot Program Approval Order"). ROS is governed by CBOE Rule 6.2A.

system developed by the Exchange to open an entire options class, all series, as a single event, based on a single underlying value. The ROS pilot program is due to expire on September 30, 2003.⁶ The Exchange proposes to make the ROS pilot program permanent.

CBOE represents that ROS has successfully facilitated expedited openings of options classes on the Exchange, thereby improving market efficiency for all market participants. CBOE represents that ROS has provided the Exchange's market-makers with the ability to open option classes within seconds of the opening of the underlying security. CBOE represents that by entering into open trading more quickly using ROS, customer orders have been addressed in open trading in a more timely manner. CBOE represents that ROS has also prevented large numbers of orders from queuing on the Exchange's book and live ammo screens immediately after the opening, thus, providing the order book official and designated primary market maker staff with the ability to handle the orders in a more expeditious manner.

In the Pilot Program Approval Order, the Commission requested that the Exchange study certain issues during the pilot program and produce a report to the Commission addressing those issues prior to seeking permanent approval of ROS. CBOE represents that the issues raised by the Commission were the following: (1) How and when market-makers set ROS risk and size thresholds, (2) how often such thresholds are exceeded and result in the adjustment of AutoQuote,⁷ (3) the effect of AutoQuote adjustments on the quality of customer executions, (4) any effects on existing order execution priority, and (5) the handling of and adjustments made for non-bookable orders. CBOE represents that prior to the submission of this proposed rule change, the Exchange submitted a report

⁶ The Commission has extended the ROS pilot program five times. See Securities Exchange Act Release Nos. 42596 (March 30, 2000), 65 FR 18397 (April 7, 2000) (extending the pilot program until September 30, 2000); 43395 (September 29, 2000), 65 FR 60706 (October 12, 2000) (extending the pilot program until September 30, 2001), 44891 (October 1, 2001), 66 FR 51483 (October 9, 2001) (extending the pilot program until September 30, 2002); 46572 (September 30, 2002), 67 FR 62508 (October 7, 2002) (extending the pilot program until March 31, 2003; and 47573 (March 26, 2003), 68 FR 15780 (April 1, 2003) (extending the pilot program until September 30, 2003).

⁷ Under Interpretation .02 to CBOE Rule 6.2A, the term "AutoQuote" means either the Exchange's AutoQuote system or a proprietary autoquote system operated by a member of the trading crowd where the particular ROS class is traded.

¹ 15 U.S.C. 78(s)(b)(1).

² 17 CFR 240.19b-4.

³ See letter from Jaime Galvan, Attorney II, Legal Division, CBOE, to Terri Evans, Assistant Director, Division of Market Regulation, dated January 17, 2003 ("Amendment No. 1"). In Amendment No. 1,