

adequately disclosed certain licensing transactions.

The Division has requested that the Commission reverse the law judge's findings of fact and conclusions of law and his dismissal of all charges, and issue cease-and-desist orders against the Respondents.

Among the issues likely to be argued are:

- a. Whether Spectrum's accounting treatment was consistent with GAAP;
- b. Whether the Respondents acted negligently;
- c. Whether the Respondents were "a cause" of Spectrum's violations of the reporting provisions within the meaning of Exchange Act section 21C; and
- d. Whether issuance of cease-and-desist orders against the Respondents is in the public interest.

For further information, please contact the Office of the Secretary at (202) 942-7070.

The subject matter for the Closed Meeting scheduled for Wednesday, September 10, 2003 will be: Post argument discussion.

The subject matter for the Open Meeting scheduled for Thursday, September 11, 2003, will be:

1. The Commission will consider whether to adopt amendments to rule 206(4)-2, the custody rule under the Investment Advisers Act of 1940, to enhance the protections afforded to advisory clients' assets, harmonize the rule with current custodial practices, and clarify circumstances under which advisers have custody of client assets.

For further information, please contact Vivien Liu at (202) 942-0664.

2. The Commission will consider whether to propose a rule to exempt qualified foreign banks from the insider lending prohibition of the Securities Exchange Act of 1934 section 13(k), as added by section 402 of the Sarbanes-Oxley Act. The proposed rule would exempt foreign banks that meet specified criteria similar to those that qualify domestic banks for the exemption under section 13(k). The Commission will also consider whether to propose an amendment to Form 20-F that would require a foreign bank issuer to provide the same disclosure regarding problematic loans to insiders as that required for domestic banks under Regulation S-K.

For further information contact Elliot Staffin at (202) 942-2990.

3. The Commission will also consider whether to propose an amendment to For F-6 that would add an eligibility requirement making the form unavailable to register under the Securities Act of 1933 depositary shares

evidenced by American depositary receipts if the foreign issuer has separately listed the deposited securities on a registered national securities exchange or automated inter-dealer quotation system of a national securities association.

For further information please contact Michael Coco at (202) 942-2990.

At times, changes in Commission priorities require alterations in the scheduling of meeting items.

For further information and to ascertain what, if any, matters have been added, deleted, or postponed, please contact the Office of the Secretary at (202) 942-7070.

Dated: September 3, 2003.

Jonathan G. Katz,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48416; File No. SR-CBOE-2003-14]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto by the Chicago Board Options Exchange, Incorporated Relating to Options on a Reduced Value NYSE Composite Index

August 27, 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 25, 2003, the Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, the Exchange has prepared. On August 6, 2003, the CBOE filed 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

The CBOE is proposing to trade options on the reduced-value, revised NYSE Composite Index ("Reduced Value NYSE Composite Index" or

"Reduced Value Index") based on levels imposed by the New York Stock Exchange ("NYSE") itself. Options traded on the "old" NYSE Composite Index will no longer trade on the CBOE. The text of the proposed rule change is available at the Office of the Secretary, the CBOE, and at the Commission.

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 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. The 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

Index Design

Currently, the CBOE lists and trades European-style, cash-settled options on the NYSE Composite Index. The NYSE Composite Index, prior to January 9, 2003, was a full-market capitalization-weighted index comprised of all of the securities that are listed on the NYSE.⁴ Recently, the NYSE announced that, as of January 9, 2003, it would replace the NYSE Composite Index ("Old Index") with a new version that features a revised methodology and composition. The revised index contains 700 fewer components and will carry a new value around 5,000, as opposed to the year-end closing level of around 500, as of December 31, 2002.

The revised index will continue to measure the performance of all NYSE-listed common stock, American Depositary Receipts ("ADR"), tracking stocks, and real estate investment trusts ("REIT"), but will exclude closed-end investment companies, exchange traded funds ("ETF"), and derivatives. Additionally, the revised NYSE Composite Index ("Revised Index") will use a float-adjusted market capitalization weighting method instead of the previous full-market capitalization weighting.⁵ Float-adjusted

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See letter from Jim Flynn, Attorney II, CBOE, to Nancy Sanow, Assistant Director, Division of Market Regulation, Commission dated August 5, 2003 ("Amendment No. 1").

⁴ Excluding preferred stock issues.

⁵ CBOE has indicated that according to the NYSE, these revisions will create an index that is more representative of the investable equity securities and those securities that are better suited to track future changes in the U.S. stock market.