

During the meeting either the labor members or the management members may caucus separately with the Chair to devise strategy and formulate positions. Premature disclosure of the matters discussed in these caucuses would unacceptably impair the ability of the Committee to reach a consensus on the matters being considered and would disrupt substantially the disposition of its business. Therefore, these caucuses will be closed to the public because of a determination made by the Director of the Office of Personnel Management under the provisions of section 10(d) of the Federal Advisory Committee Act (Pub. L. 92-463) and 5 U.S.C. 552b(c)(9)(B). These caucuses may, depending on the issues involved, constitute a substantial portion of a meeting.

Annually, the Chair compiles a report of pay issues discussed and concluded recommendations. These reports are available to the public, upon written request to the Committee's Secretary.

The public is invited to submit material in writing to the Chair on Federal Wage System pay matters felt to be deserving of the Committee's attention. Additional information on this meeting may be obtained by contacting the Committee's Secretary, Office of Personnel Management, Federal Prevailing Rate Advisory Committee, Room 5538, 1900 E Street, NW., Washington, DC 20415 (202) 606-1500.

Dated: September 2, 2003.

Mary M. Rose,

Chairperson, Federal Prevailing Rate Advisory Committee.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48454; File No. SR-CHX-2003-12]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Stock Exchange, Incorporated Relating to Automatic Execution of Partial Orders

September 5, 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 August 1, 2003, the Chicago Stock Exchange, Incorporated ("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. On September 5, 2003, the Exchange amended the proposed rule change.³ 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 Exchange proposes to amend certain provisions of CHX Article XX, Rule 37 (Guaranteed Execution System and Midwest Automated Execution System), which governs, among other things, automatic execution of market and marketable limit orders. Specifically, the CHX seeks to add an Interpretation and Policy providing that a CHX specialist may elect to activate the "auto-partials" functionality on a voluntary basis, at any point during the regular trading session. Proposed Interpretation and Policy .11 constitutes the Exchange's stated existing policy, practice and interpretation with respect to the auto-partial provisions of CHX Article XX, Rule 37(b).

The text of the proposed rule change is below. Proposed new language is *italicized*; proposed deletions are in [brackets].

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RULE 37

(b) Automated Executions. The Exchange's Midwest Automated Execution System (the MAX System) may be used to provide an automated delivery and execution facility for orders that are eligible for automatic execution on the Exchange.

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(6) Execution of Dual Trading System Issues.

(A) A MAX market or marketable limit agency order that is of a size less than or equal to the auto-execution threshold shall be automatically filled at the ITS BBO price up to the size of the auto-execution threshold. If the size of the incoming order is greater than the auto-execution threshold, the order shall be designated as an open order; provided, however, that if an order

³ See Letter from Kathleen Boege, Associate General Counsel, CHX, to Ms. Nancy Sanow, Assistant Director, Division of Market Regulation, Commission, dated September 5, 2003 ("Amendment No. 1"). In Amendment No. 1, the CHX corrected a minor typographical error in their rule text and noted that its MAX automatic execution system provides electronic notice to order-sending firms when Exchange specialists modify their automatic execution parameters.

sending firm has notified the specialist, in a manner approved by the Exchange, that the order sending firm elects to have such orders filled up to the size of the auto-execution threshold *and if the specialist has engaged the auto-partial functionality as described in Interpretation and Policy .11*, the order shall automatically be filled up to the size of the auto-execution threshold and the portion of the order that exceeds the auto-execution threshold shall be designated as an open order. If the size of the order is greater than the auto-acceptance threshold, the order shall be designated as an open order; provided, however, that the specialists may cancel the order within one minute of its being entered into MAX.

* * * * *

(7) Execution of NASDAQ/NM Securities.

(A) In NASDAQ/NM Securities, if the specialist is quoting at the NBBO price at the time a MAX market or marketable limit order is received, an order that is less than or equal to the auto-execution threshold shall automatically be filled at such NBBO price up to the size of the auto-execution threshold (or the specialist's bid or offer if greater than the auto execution threshold). If the order is of a size greater than the auto-execution threshold, the order shall automatically be filled up to the size of the specialist's bid or offer (as the case may be) and the portion of the order that exceeds the specialist's bid or offer shall be designated as an open order.

* * * * *

(B) If the specialist is not quoting at the NBBO at the time a MAX market or marketable limit agency order is received, an order that is less than or equal to the auto-execution threshold shall be automatically filled at the NBBO up to the size of the auto-execution threshold if the specialist has not, within 20 seconds (or a lesser time increment designated by the specialist) after receipt of the order, complied with the manual execution requirement of Rule [43(d)] 37(a) of this Article. If the size of the incoming order is greater than the auto-execution threshold, the order shall be designated as an open order; provided, however, that if an order sending firm has notified the specialist, in a manner approved by the Exchange, that the order sending firm elects to have such orders filled up to the size of the auto-execution threshold *and if the specialist has engaged the auto-partial functionality as described in Interpretation and Policy .11*, the order shall automatically be filled up to the size of the auto-execution threshold and the portion of the order that exceed

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.