

scheduled matters at the Closed Meeting.

The subject matter of the Closed Meeting scheduled for Tuesday, October 7, 2003 will be:

Institution and settlement of administrative proceedings of an enforcement nature;
Institution and settlement of injunctive actions;
Formal orders of investigation;
Adjudicatory matters; and
Post-argument discussion.

The subject matter of the Open Meeting scheduled for Wednesday, October 8, 2003 will be:

1. The Commission will consider whether to propose amendments to certain Rules, Schedules and Forms under the Securities Exchange Act of 1934 and the Investment Company Act of 1940 that would require companies, under certain circumstances, to include in their proxy materials security holder nominees for election as director.

For further information, please contact Lillian Cummins Brown at (202) 942-2900.

2. The Commission will consider whether to propose rule amendments and new rules under the Securities Exchange Act of 1934 (the "Exchange Act") that would establish two separate voluntary regulatory frameworks for the Commission to supervise broker-dealers and their affiliates on a consolidated basis.

One proposal would establish an alternative method to compute certain net capital charges for broker-dealers that are part of a holding company that manages risks on a group-wide basis and whose holding company consents to group-wide Commission supervision. The broker-dealer's holding company and its affiliates, if subject to Commission supervision, would be referred to as a "consolidated supervised entity" or "CSE." The alternative method the broker-dealer would be allowed to use to compute certain market and credit risk capital charges would involve the use of internal mathematical models that the broker-dealer uses to measure its risk. The CSE would be required to comply with rules regarding its group-wide internal risk management control system and would have to periodically provide the Commission with consolidated computations of allowable capital and risk allowances (or other capital assessment) consistent with the Basel Standards. Commission supervision of the CSE would include recordkeeping, reporting, and examination requirements. Modifications to some of these requirements would be available for functionally regulated affiliates.

The other proposal would implement Section 17(i) of the Exchange Act, which created a new structure for consolidated supervision of holding companies of broker-dealers, or "investment bank holding companies" ("IBHCs") and their affiliates. Pursuant to the Act, an IBHC that meets certain, specified criteria may voluntarily register with the Commission as a supervised investment bank holding company ("SIBHC") and be subject to supervision on a group-wide basis. Pursuant to the proposed

rules, registration as an SIBHC is limited to IBHCs that are not affiliated with certain types of banks and that have a substantial presence in the securities markets. The proposed rules would provide an IBHC with an application process to become supervised by the Commission as an SIBHC, and would establish regulatory requirements for those SIBHCs. Commission supervision of an SIBHC would include recordkeeping, reporting and examination requirements. Further, the SIBHC also would be required to comply with rules regarding its group-wide internal risk management control system and would have to periodically provide the Commission with a consolidated computations of allowable capital and risk allowances (or other capital assessment) consistent with Basel Standards.

The proposals would also include technical and conforming amendments to the risk assessment rules (Exchange Act Rules 17h-1T and 17h-2T). In addition, the SIBHC proposal would adjust the audit requirements for OTC derivative dealers to allow accountants to use agreed-upon procedures when conducting audits of risk management control systems.

For further information, please contact Lourdes Gonzalez or Linda Stamp Sundberg at (202) 942-0073 or Bonnie Gauch (202) 942-0765 or Rose Russo Wells as (202) 942-0143.

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 30, 2003.

Jonathan G. Katz,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48555; File No. SR-Amex-2003-54]

Self-Regulatory Organizations; Order Approving Proposed Rule Change by the American Stock Exchange LLC Relating to the Limitation of Liability of the Options Clearing Corporation to Exchange Members

September 29, 2003.

On May 30, 2003, the American Stock Exchange LLC ("Amex" or "Exchange") submitted to 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 to establish Amex

Rule 945. This Rule would provide that the Options Clearing Corporation ("OCC") would have no liability to Amex members, with respect to the use, non-use, or inability to use the Options Intermarket Linkage ("Linkage"), and that Linkage is a facility or service afforded by the Exchange for the purposes of Article IV, Section 1(e) of the Amex Constitution. The proposed rule change was published for comment in the **Federal Register** on August 19, 2003.³ The Commission received no comments on the proposed rule change. This order approves the proposed rule change.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange⁴ and, in particular, the requirements of Section 6(b) of the Act⁵ and the rules and regulations thereunder. The Commission finds that the rule change is consistent with Section 6(b)(5) of the Act,⁶ which requires, among other things, that the rules of the Exchange be designed to foster cooperation and coordination with persons engaged in regulation, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Commission notes that the Amex, along with the other exchanges that are Participants in the Linkage Plan, entered into an agreement with the OCC, which operates the central core or "hub" to and from which all Linkage orders are routed.⁷ In the Agreement, the Amex committed to file a proposed rule change with the Commission that would limit the liability of the OCC to Amex members.

The Commission believes that this proposed rule change should foster cooperation and promote a relationship between the Amex and the OCC that is conducive to the effective operation of the Linkage. Further, the Commission believes that the Amex's proposal to characterize the Linkage as a facility or service of the Exchange for the purposes

³ Securities Exchange Act Release No. 48319 (August 12, 2003), 68 FR 49825.

⁴ In approving this proposed rule change the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

⁷ Linkage Project and Facilities Management Agreement ("the Agreement") (January 30, 2003).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.