

GSCC filed an amendment to the proposed rule change. Notice of the proposed rule change was published in the **Federal Register** on July 30, 2003.³ No comment letters were received. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

II. Description

In the beginning of 2002, GSCC implemented various rule changes that effectuated GSCC's new governance structure resulting from the integration of GSCC with The Depository Trust & Clearing Corporation.⁴ As part of the new structure, the newly formed GSCC/MBSCC Membership and Risk Management Committee ("Committee") was given the authority to approve or reject applications for netting membership and for comparison-only membership.⁵ Upon further review, GSCC has determined that it would be more appropriate for GSCC management to approve or reject applications for comparison-only membership.⁶

The proposed rule change will permit GSCC to effectively balance the interests involved in the membership approval process, including the need for a prudent review of membership applicants as well as the need to admit members on a timely basis. This goal is most appropriately met by having management approve GSCC comparison-only membership applicants.⁷ GSCC believes that, given the difference in the level of risk posed by the two types of GSCC membership applicants, only applications to become members of GSCC's netting service should require the Committee's review and approval.⁸

GSCC will activate comparison-only membership for qualified applicants

upon completion of the requisite financial and/or other operational reviews and upon receipt of all membership documentation as is required by GSCC's rules. In addition, management will provide the Committee with a list of comparison-only firms being considered for approval by management prior to activating any firm's comparison-only membership.

Consistent with these changes and in order to clarify relevant terms for members, GSCC is also expanding the current definition of "Corporation" in its Rule 1. Going forward, "Corporation" will also mean "Management" unless otherwise indicated, and these terms will be used interchangeably. This is not a substantive change and is not a delegation of duties currently reserved for the Board.

III. Discussion

Section 17A(b)(3)(F) of the Act requires, among other things, that the rules of a clearing agency be designed to assure the safeguarding of securities and funds which are in its custody or control or for which it is responsible.⁹ Because the comparison-only service provides only for the comparison of submitted trades, does not provide for any transfer between members of securities and funds, and does not provide guarantee of settlements, comparison-only members bring basically no risk to GSCC. As such, management's determination that all requisite financial and operational reviews have been completed with satisfactory results and that all requisite membership documentation have been filed is sufficient for activation of an applicant's comparison-only membership. Accordingly, the proposed rule change should not negatively affect GSCC's ability to safeguard securities and funds which are in its custody or control or for which it is responsible, and therefore, is consistent with GSCC's obligations under section 17A of the Act.

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act and the rules and regulations thereunder.

It Is Therefore Ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-

GSCC-2002-03) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48660; File No. SR-OC-2003-08]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by OneChicago, LLC Relating to Maintenance Standards for a Security Futures Product Based on a Single Security

October 20, 2003.

Pursuant to section 19(b)(7) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-7 under the Act,² notice is hereby given that on October 14, 2003, OneChicago, LLC ("OneChicago" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule changes described in Items I, II, and III below, which Items have been prepared by OneChicago. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

OneChicago also has filed the proposed rule change with the Commodity Futures Trading Commission ("CFTC"). OneChicago filed a written certification with the CFTC under section 5c(c) of the Commodity Exchange Act³ on October 13, 2003.

I. Self-Regulatory Organization's Description of the Proposed Rule Change

OneChicago proposes to amend the maintenance standards requirement ("Maintenance Standards") for a security futures product based on a single security ("Single Stock Future") relating to the market price of the underlying security. The text of the proposed rule change appears below. New text is in *italics*.

Eligibility And Maintenance Criteria For Security Futures Products

I. No Change.

¹⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(7).

² 17 CFR 240.19b-7.

³ 7 U.S.C. 7a-2(c).

³ Securities Exchange Act Release No. 48220 (July 23, 2003), 68 FR 44825.

⁴ Securities Exchange Act Release No. 45378 (January 31, 2002), 67 FR 6064 [File No. SR-GSCC-2001-13].

⁵ The term "comparison-only member" means a member that is a member only of the comparison system.

⁶ The Committee voted to delegate the authority to approve comparison-only membership applicants to management during its March 7, 2002 meeting. The purpose of this rule filing is to allow GSCC to implement this change.

⁷ This is consistent with the process currently employed by the National Securities Clearing Corporation ("NSCC"). The President of NSCC or a Managing Director of NSCC Risk Management may authorize a Vice President of NSCC Risk Management to approve non-guaranteed service applicants that meet membership requirements. The NSCC Membership and Risk Management Committee receives a list showing the name of each approved non-guaranteed service member.

⁸ GSCC's netting service provides for GSCC's guarantee of settlement. GSCC's comparison-only service does not do so.

⁹ 15 U.S.C. 78q-1(b)(3)(F).