

prompt and accurate clearance and settlement of securities transactions.⁵ The Commission finds that GSCC's proposed rule change is consistent with this requirement because it clearly sets forth in GSCC's rules its procedures for management's review and possible waiver of fines and should provide members with a more efficient and less burdensome method for the possible resolution of disputed fines before a full hearing takes place. This added efficiency should contribute to the perfection of the national system for clearance and settlement.

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 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-2002-04) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 03-27136 Filed 10-27-03; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48674; File No. SR-NASD-2003-149]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to SuperMontage and ITS Securities

October 21, 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 October 6, 2003 the National Association of Securities Dealers, Inc. ("NASD"), through its subsidiary, the Nasdaq Stock Market, Inc. ("Nasdaq"), 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 Nasdaq. 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

Nasdaq is proposing to enhance the Nasdaq National Market Execution System ("NNMS" or "SuperMontage"). Nasdaq proposes to trade via SuperMontage all securities that are eligible for trading via the Intermarket Trading System ("ITS Securities"). Under the proposal, NASD members will trade ITS Securities using the SuperMontage functionality that the Commission has previously approved for the trading of Nasdaq-listed securities, with certain modifications needed to ensure that NASD members continue to comply with all pre-existing NASD and Commission rules governing the trading of ITS Securities. Nasdaq will publish a phase-in process for the trading of ITS Securities on the SuperMontage platform after approval by the Commission. The text of the proposed rule change is below. Proposed new language is *italicized*; proposed deletions are in [brackets].

* * * * *

4700. Nasdaq National Market Execution System (NNMS)

4701. Definitions

Unless stated otherwise, the terms described below shall have the following meaning:

(a) The term *active NNMS securities* shall mean those NNMS eligible securities in which at least one NNMS Market Maker or *ITS/CAES Market Maker* is currently active in NNMS.

(b) Reserved

(c) The term *Attributable Quote/Order* shall have the following meaning:

(1) For NNMS Market Makers and NNMS ECNs, a bid or offer Quote/Order that is designated for display (price and size) next to the participant's [MMID] *MPID* in the Nasdaq Quotation Montage once such Quote/Order becomes the participant's best attributable bid or offer.

(2) For *ITS/CAES Market Makers*, a bid or offer Quote/Order that is designated for display (price and size) next to the participant's *MPID* once such Quote/Order becomes the participant's best attributable bid or offer.

[(2)](3) For UTP Exchanges, the best bid and best offer quotation with price and size that is transmitted to Nasdaq by the UTP Exchange, which is displayed next to the UTP Exchange's [MMID] *MPID* in the Nasdaq Quotation Montage.

(d) The term *Automated Confirmation Transaction* service or *ACT* shall mean

the automated system owned and operated by The Nasdaq Stock Market, Inc., which compares trade information entered by ACT Participants and submits "locked-in" trades to clearing.

(e) The term *automatic refresh size* shall mean the default size to which an NNMS Market Maker's quote will be refreshed pursuant to NASD Rule 4710(b)(2), if the market maker elects to utilize the Quote Refresh Functionality and does not designate to Nasdaq an alternative refresh size, which must be at least one normal unit of trading. The automatic refresh size default amount shall be 1,000 shares.

(f) The term *Directed Order* shall mean an order in a *Nasdaq-listed security* that is entered into the system by an NNMS participant that is directed to a particular Quoting Market Participant at any price, through the Directed Order process described in Rule 4710(c). This term shall not include the "Preferred Order" described in subparagraph (aa) of this rule. *Directed Orders shall not be available for ITS Securities.*

(g) The term *Displayed Quote/Order* shall mean both Attributable and Non-Attributable (as applicable) Quotes/Orders transmitted to Nasdaq by Quoting Market Participants or NNMS Order Entry Firms.

(h) The term *Firm Quote Rule* shall mean SEC Rule 11Ac1-1.

(i) The term *Immediate or Cancel* shall mean, for limit orders so designated, that if after entry into the NNMS a marketable limit order (or unexecuted portion thereof) becomes non-marketable, the order (or unexecuted portion thereof) shall be canceled and returned to the entering participant.

(j) The term *Liability Order* shall mean an order that when delivered to a Quoting Market Participant imposes an obligation to respond to such order in a manner consistent with the Firm Quote Rule.

(k) The term *limit order* shall mean an order to buy or sell a stock at a specified price or better.

(l) The term *market order* shall mean an unpriced order to buy or sell a stock at the market's current best price.

(m) The term *marketable limit order* shall mean a limit order to buy that, at the time it is entered into the NNMS, is priced at the current inside offer or higher, or a limit order to sell that, at the time it is entered into the NNMS, is priced at the inside bid or lower.

(n) The term *mixed lot* shall mean an order that is for more than a normal unit of trading but not a multiple thereof.

(o) The term *Non-Attributable Quote/Order* shall mean:

⁵ 15 U.S.C. 78q-1(b)(3)(F).

⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240. 19b-4.