

disseminate. Before a CHX specialist can respond to a "trade or move" request in an informed fashion, he must be fully apprised of his updated position, based on the comprehensive data of all preopening orders that he has received. The Exchange believes that an 8:20 (CT) deadline for CHX preopening orders would better enable CHX specialists to comply with SuperMontage rules and procedures governing the vital "trade or move" functionality.

Accordingly, the Exchange believes that the modification requested by the OTC Subcommittee is appropriate. Because the Exchange believes that the current single price opening guarantee was enacted voluntarily as a means of attracting customer order flow and is not required under the Act or any other legislative mandate, the Exchange believes that it is appropriate for OTC specialists to modify slightly the parameters under which this guarantee is available.

2. Statutory Basis

The CHX believes the proposal, as amended, is consistent with the requirements of Section 6(b)⁷ of the Act in general, and Section 6(b)(5) of the Act⁸ in particular, because it is designed to promote just and equitable principles of trade, to remove impediments and to perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

B. Self-Regulatory Organization's Statement of Burden on Competition

The Exchange does not believe that the proposed rule change, as amended, will impose any inappropriate burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or

(ii) as to which the Exchange consents, the Commission will:

(A) by order approve such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

The CHX has requested accelerated approval of the proposed rule change, as amended. While the Commission will not grant accelerated approval at this time, the Commission will consider granting accelerated approval of the proposal, as amended, at the close of an abbreviated comment period of 15 days from the date of publication of the proposal in the **Federal Register**.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as amended, is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change, as amended, that are filed with the Commission, and all written communications relating to the proposed rule change, as amended, between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the CHX. All submissions should refer to File No. SR-CHX-2003-23 and should be submitted by December 23, 2003.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48860; File No. SR-CHX-2003-19]

Self-Regulatory Organizations; Order Granting Partial Approval of Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 1 Thereto by the Chicago Stock Exchange, Inc. Relating to Governance of Issuers on the CHX

December 1, 2003.

I. Introduction

On July 28, 2003, the Chicago Stock Exchange, Inc. ("CHX" or "Exchange"), filed with the Securities and Exchange Commission ("SEC" or "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 amend certain provisions of its rules relating to the governance of issuers that list securities on the CHX.

The proposed rule change, among other things, would require each issuer listed on the CHX to establish an independent audit committee and to comply with the standards for audit committees mandated by Section 10A(m) of the Act³ and Rule 10A-3 thereunder.⁴ The proposal also would amend the CHX's Tier I and Tier II listing standards to enhance its requirements relating to the roles and responsibilities of independent directors and independent board committees, including audit committees, nominating committees and compensation committees. The proposal further includes amendments to the CHX's maintenance standards to set out a process that would allow an issuer an opportunity to cure a failure to meet the Exchange's maintenance listing standards, including its governance-related standards.

On October 28, 2003, the Commission published the proposed rule change for comment in the **Federal Register**.⁵ The Commission received no comments on the proposal. On November 24, 2003, the Exchange filed Amendment No. 1 to the proposal.⁶

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78j-1(m).

⁴ 17 CFR 240.10A-3.

⁵ See Securities Exchange Act Release No. 48669 (October 21, 2003), 68 FR 61500 (October 28, 2003).

⁶ See letter from Ellen J. Neely, Senior Vice President and General Counsel, CHX, to Nancy J. Sanow, Assistant Director, Division of Market Regulation, Commission, dated November 21, 2003 ("Amendment No. 1"). In Amendment No. 1, the Exchange requested that the Commission grant approval at this time to: (a) the sections that relate

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

⁹ 17 CFR 200.30-3(a)(12).