

disseminate market makers' published quotations to buy and sell securities to the public. The first collection of information is found in Rule 11Ac1-1(c) 17 CFR 11Ac1-1(c). This reporting requirement obligates each "responsible broker or dealer," as defined under the rule, to communicate to its exchange or association its best bids, best offers, and quotation sizes for any subject security, as defined under the rule. The second collection of information is found in Rule 11Ac1-1(b) 17 CFR 11Ac1-1(b). This reporting requirement obligates each exchange and association to make available to quotation vendors for dissemination to the public the best bid, best offer, and aggregate quotation size for each subject security.¹ Brokers, dealers, other market participants, and members of the public rely on published quotation information to determine the best price and market for execution of customer orders.

It is anticipated that 721 respondents, consisting of 180 exchange specialists and 541 OTC market makers, will make 246,788,005 total annual responses pursuant to Rule 11Ac1-1, resulting in an annual aggregate burden of approximately 205,486 hours.

Rule 11Ac1-1 does not impose a retention period for any recordkeeping requirements. Compliance with the rule is mandatory and the information collected is made available to the public. Please note that an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

General comments regarding the estimated burden hours should be directed to the following persons: (i) The Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503; and (ii) Kenneth A. Fogash, Acting Associate Executive Director/CIO, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Comments must be submitted to the Office of

Management and Budget within 30 days of this notice.

Dated: December 2, 2003.

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48865; File No. SR-CBOE-2003-48]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Incorporated Relating to the Determination of the Closing Exercise Settlement Value for Interest Rate Options and to the Designation of the Reporting Authorities for Interest Rate Options

December 2, 2003.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4² thereunder, notice is hereby given that on November 19, 2003, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") submitted to 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 CBOE. 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 CBOE proposes to amend Interpretation and Policy .01 and .02 under CBOE Rule 23.1 with respect to the determination of the closing exercise settlement value for interest rate options when the designated reporting authority is unable to provide that value and with respect to the designation of the reporting authorities for interest rate options. The text of the proposed rule change is available at the Office of the Secretary, the CBOE, and at the Commission.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the CBOE included statements concerning the purpose of and basis for the proposed rule change and discussed any

comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The CBOE has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The proposed rule change amends Interpretation and Policy .02 to CBOE Rule 23.1, which provides for an alternate method of determining the closing exercise settlement value for the last business day of trading prior to the expiration of any interest rate option should the appropriate reporting authority³ be unable to do so. Currently, Interpretation and Policy .02 provides that the Exchange would be responsible for determining the applicable closing value by conducting a random poll of a minimum of ten primary government bond dealers. In place of this provision, the Exchange proposes that, in the event the reporting authority does not generate a closing value for the last business day of trading prior to expiration of any interest rate option, the closing value would be determined in accordance with the Rules and By-Laws of the Options Clearing Corporation ("OCC"). The CBOE believes that this change is appropriate because OCC's rules are predominant to the CBOE's rules in the context of determining settlement values when such values are unavailable.

To illustrate, OCC By-Laws, Article XVI (Yield-Based Treasury Options), Section 4 (Unavailability or Inaccuracy of Settlement Value of Underlying Yield), governs the situation in which the settlement value of the underlying yield for series of yield-based options is unreported or otherwise unavailable for the purposes of calculating the settlement amount for exercised option contracts. Section 4(a) provides for methods that would allow OCC to determine the settlement amount(s) for affected series. Specifically, Section 4(a)(2) provides that OCC may fix the settlement amount for exercised contracts of affected series by using the best information available as to the correct settlement value of the underlying yield.

³ CBOE Rule 23.1(h) provides that "[t]he term 'reporting authority' in respect of a particular interest rate measure means the institution or reporting service designated by the Exchange as the official source for securing and disseminating the value underlying an interest rate measure."

¹ A third requirement under Rule 11Ac1-1, as amended at 17 CFR 11Ac1-1(c)(5), gives electronic communications networks ("ECNs") the option of reporting to an exchange or association for public dissemination, on behalf of their OTC market maker or exchange specialist customers, the best priced orders and the full size for such orders entered by market makers, to satisfy such market makers' reporting obligation under Rule 11Ac1-1(c). Because this reporting requirement is an alternative method of meeting the market makers' reporting obligation, and because it is directed to nine or fewer persons (ECNs), this collection of information is not subject to OMB review under the Paperwork Reduction Act.

¹ 15 U.S.C 78s(b)(1).

² 17 CFR 240.19b-4.