

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.

of Article IV, Section 1(e) of the Amex Constitution is reasonable.

It Is Therefore Ordered, pursuant to Section 19(b)(2) of the Act,⁸ that the proposed rule change (File No. SR-Amex-2003-54) be, and it hereby is, approved.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 03-25117 Filed 10-2-03; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48557; File No. SR-Amex-2003-71]

Self-Regulatory Organizations; Order Granting Approval of Proposed Rule Change by the American Stock Exchange LLC Relating to the Elimination of the Minor Floor Violation Disciplinary Committee

September 29, 2003.

On July 25, 2003, the American Stock Exchange LLC ("Amex" or "Exchange") filed with 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 eliminate the Amex's Minor Floor Violation Disciplinary Committee ("MFVDC"). Under the proposed rule change, the responsibilities of the MFVDC will be transferred to the Exchange's Enforcement Department.

The proposed rule change was published for comment in the **Federal Register** on August 28, 2003.³ The Commission received no comments on the proposal.

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 exchange.⁴ In particular, the Commission believes that the proposed rule change is consistent with Section 6(b)(6)⁵ of the Act which requires, among other things, that the Exchange's rules provide that its members and

persons associated with its members be appropriately disciplined for violations of the federal securities laws and the Exchange's rules. The Commission believes that consolidating the responsibility for initiating disciplinary action under Amex's minor rule violation plan exclusively in the Exchange's Enforcement Department should provide a more consistent process for the disciplining of Amex's members and persons associated with its members.

It Is Therefore Ordered, pursuant to Section 19(b)(2) of the Act,⁶ that the proposed rule change (SR-Amex-2003-71) be, and it hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 03-25118 Filed 10-2-03; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48553; File No. SR-NASD-2003-144]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the National Association of Securities Dealers, Inc. To Extend, for an Additional Six-Month Period, a Pilot Rule Regarding Waiver of California Arbitrator Disclosure Standards

September 26, 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 September 24, 2003, the National Association of Securities Dealers, Inc. ("NASD") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by NASD. NASD has designated the proposed rule change as constituting a "non-controversial" rule change pursuant to Rule 19b-4(f)(6) under the Act,³ which renders the proposal effective upon receipt of this filing by the Commission. 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

NASD is proposing to extend the pilot rule in IM-10100(f) of the NASD Code of Arbitration Procedure, which requires industry parties in arbitration to waive application of contested California arbitrator disclosure standards, upon the request of customers, and associated persons with claims against other industry parties, for a six-month period.

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

In its filing with the Commission, NASD 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 NASD 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

In July 2002, the California Judicial Commission adopted a set of rules, "Ethics Standards for Neutral Arbitrators in Contractual Arbitration" ("California Standards"),⁴ governing ethical standards for arbitrators. The rules were designed to address conflicts of interest in private arbitration forums that are not part of a federal regulatory system overseen on a uniform, national basis by the SEC. The California Standards imposed disclosure requirements on arbitrators that conflict with the disclosure rules of NASD and the New York Stock Exchange ("NYSE"). Because NASD could not both administer its arbitration program in accordance with its own rules and comply with the new California Standards at the same time, NASD initially suspended the appointment of arbitrators in cases in California, but offered parties several options for pursuing their cases.⁵

In November 2002, NASD and NYSE filed a lawsuit in federal district court

⁴ California Rules of Court, Division VI of the Appendix, entitled, "Ethics Standards for Neutral Arbitrators in Contractual Arbitration."

⁵ These measures included providing venue changes for arbitration cases, using non-California arbitrators when appropriate, and waiving administrative fees for NASD-sponsored mediations.

⁸ 15 U.S.C. 78s(b)(2).

⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 48382 (August 20, 2003), 68 FR 51818.

⁴ In approving this proposed rule change, the Commission 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).

⁶ 15 U.S.C. 78s(b)(2).

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6).