

continue to provide a high quality marketplace at competitive prices. The Exchange's decreasing of its Round Lot Fee, as well as its relatively minor adjustments to other fees, is reflective of this objective.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with section 6(b) of the Act,⁵ in general, and furthers the objectives of section 6(b)(4) of the Act,⁶ in particular, in that the proposed rule change provides for the equitable allocation of reasonable dues, fees, and other charges among the BSE's members.

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

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

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

The Exchange has neither solicited nor received comments on the proposed rule change.

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

The proposed rule change has become effective pursuant to section 19(b)(3)(A)(ii) of the Act⁷ and subparagraph (f)(2) of Rule 19b-4 thereunder,⁸ because it involves a due, fee, or other charge. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposal 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 that are filed with the Commission, and all written

communications relating to the proposed rule change 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 Exchange. All submissions should refer to file number SR-BSE-2002-12, and should be submitted by October 8, 2002.

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. 34-46488; File No. SR-BSE-2002-11]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment Nos. 1 and 2 by the Boston Stock Exchange, Inc. To Amend Its Floor Operations and Transaction Fees Schedules

September 11, 2002.

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 July 22, 2002, the Boston Stock Exchange, Incorporated ("BSE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. On August 2, 2002, the BSE amended the proposal.³ The BSE amended the proposal again on August 20, 2002.⁴ The

⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See August 1, 2002 letter from John A. Boese, Assistant Vice President ("AVP"), Legal and Regulatory, BSE, to Nancy Sanow, Assistant Director, Division of Market Regulation ("Division"), SEC, and attachments ("Amendment No. 1"). Although Amendment No. 1 makes no substantive changes to the original filing, Amendment No. 1 completely replaces and supersedes the original filing, so as to ensure that the proposed rule change is in proper format.

⁴ See August 19, 2002 letter from John A. Boese, AVP, Legal and Regulatory, BSE, to Nancy Sanow, Assistant Director, Division, SEC, and attachments ("Amendment No. 2"). Amendment No. 2 completely replaces and supersedes Amendment No. 1 and the original filing. For purposes of calculating the 60-day abrogation period, the

Exchange has designated this proposal as one establishing or changing a due, fee, or other charge imposed by the BSE under section 19(b)(3)(A)(ii) of the Act,⁵ which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The BSE proposes to amend its Floor Operations and Transaction Fees Schedules. The text of the proposed rule change is available at the BSE 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 Exchange 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 Exchange 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 purpose of the proposed rule change is to amend the Exchange's Floor Operation Fees and Transaction Fees schedules to allow the Exchange to continue to charge in an appropriate and equitable manner for the products and services it provides to its customers. The changes proposed are made in conjunction with SR-BSE-2002-10, and the timing and implementation of this proposal will be subject to Commission approval of SR-BSE-2002-10. The fees that the BSE is amending in this proposed rule change apply to members only, and the changes are applied on a non-discriminatory basis.

Commission considers the period to have begun on August 20, 2002, the date that the BSE filed Amendment No. 2. Additionally, the Commission notes that the BSE inadvertently labeled the cover page of Amendment No. 2 incorrectly. While the cover page says "Amendment No. 1," the remaining pages are correctly labeled. The Commission notes this error to clarify any confusion this minor, technical error may cause.

⁵ 15 U.S.C. 78s(b)(3)(A)(ii).

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(4).

⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

⁸ 17 CFR 240.19b-4(f)(2).

The proposed changes to the Floor Operation Fees schedule will separate the Specialist Trade Processing fees into two components. The first component, the basic Specialist Trade Processing Fee, will be reduced from \$.75 to \$.50 per order. Additionally, the requirement that an issue be part of the Exchange's Competing Specialist (CSI) Program will be removed. All stocks, regardless of whether or not they are part of the BSE's CSI program, will be capped at the appropriate levels. The Exchange believes that, because most of the stocks in the CTA top 500 now offer competition on the BSE, the condition that a stock be part of the CSI program is no longer necessary. The second component proposed for implementation is a Specialist Clearing Fee of \$.05 per trade. This fee will be levied on all trades executed by BSE specialists and will be used to offset the variable costs of providing clearing services for this segment of business.

The proposed changes to the Transaction Fees schedule will eliminate the monthly transaction fee maximum for all automated BSE volume and will implement a new lower Value Charge rate for those firms that generate in excess of \$50,000 in automated BSE transaction fees. Once a firm generates \$50,000 in automated BSE transaction fees, the current \$.20 per 100 shares rate will be reduced to \$.035 per 100 shares. This rate will only apply to those trades that are eligible to be charged this rate. Additionally, the Exchange proposes to remove the condition on its Value Charges invoice that only non self-directed market and marketable limit orders up to and including 2,500 shares are free. All market and marketable limit orders up to and including 2,500 shares will now not be levied a Value Charge fee.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with section 6(b) of the Act,⁶ in general, and furthers the objectives of section 6(b)(4) of the Act,⁷ in particular, in that the proposed rule change provides for the equitable allocation of reasonable dues, fees, and other charges among the BSE's members.

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

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

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

The Exchange has neither solicited nor received comments on the proposed rule change.

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

The proposed rule change has become effective pursuant to section 19(b)(3)(A)(ii) of the Act⁸ and subparagraph (f)(2) of Rule 19b-4 thereunder,⁹ because it involves a due, fee, or other charge. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposal 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 that are filed with the Commission, and all written communications relating to the proposed rule change 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 Exchange. All submissions should refer to file number SR-BSE-2002-11, and should be submitted by October 8, 2002.

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

Margaret H. McFarland,

Deputy Secretary.

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⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

⁹ 17 CFR 240.19b-4(f)(2).

¹⁰ 17 CFR 200.30-3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46462; File No. SR-CBOE-2002-45]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Chicago Board Options Exchange, Inc. To Establish CBOE Rule 4.20 Requiring Each Member and Member Organization To Develop and Implement an Anti-Money Laundering Compliance Program

September 5, 2002.

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 August 21, 2002, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II 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 adopt CBOE Rule 4.20, *Anti-Money Laundering Compliance Program* (the "Rule"). The Rule requires each member and member organization to develop and implement an anti-money laundering compliance program ("Program") consistent with applicable provisions of the Bank Secrecy Act and the regulations thereunder. The text of the proposed rule change is below. Proposed new language is in italics.

Anti-Money Laundering Compliance Program

Rule 4.20 Anti-Money Laundering Compliance Program. Each member organization and each member not associated with a member organization shall develop and implement a written anti-money laundering program reasonably designed to achieve and monitor compliance with the Section 352(a) requirements of the USA PATRIOT Act (Public Law 107-56), amending Section 5318 of the Bank Secrecy Act (31 U.S.C. 5311, et seq.), and the implementing regulations promulgated thereunder by the Department of the Treasury. Each member organization's anti-money laundering program must be approved,

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(4).

¹ 15 U.S.C. 78s(b)(1)

² 17 CFR 240.19b-4.