

\$21.12–\$21.22, which might drive the options quote to \$1.25–\$1.35. If the offer is correct, the quote for the underlying stock might be \$20.92–\$21.02, which might drive the options quote to \$1.05–\$1.15. If both the bid and the offer for the underlying stock are incorrect, it is difficult to know what the price of the underlying stock might be. Assuming that either the bid or the offer is correct, but not both, the stock price probably ranges somewhere between \$20.92–\$21.22, which is three times wider than the original non-inverted quote.

If a CBOE market maker believes that the bid for the underlying stock is correct and has a quote size of 25-up at \$1.25–\$1.35, assume he executes an incoming market order to sell at \$1.25. Now assume that the price of the underlying stock corrects to \$20.92–\$21.02, sending the market maker's quote to \$1.05–\$1.15, and that the market maker receives an incoming market order to buy, which he executes at \$1.15. Under these circumstances, the market maker has purchased the options (*i.e.*, the market maker was on the contra side of the first market order to sell) at \$1.25 and sold the options (*i.e.*, the market maker was on the contra side of the second market order to buy) at \$1.15, locking in a loss of \$0.10, 25 times.

b. Underlying Market Reports a Trade Outside of the Disseminated Quote

According to the CBOE, it is not uncommon for the primary market for an underlying security, in its haste to report trades to the tape, to report trades before changing the disseminated quote, resulting in a transaction that falls outside of the disseminated quote. For example, assume that the disseminated quote for a stock is \$22.10–\$22.25 and that the last sale was \$22.15. Without a change in the quote the next sale is reported at \$22. In this instance, the market for the underlying security could come out in any direction, *i.e.*, it could be \$21.75–\$22, it could be unchanged, or it could be \$22.00–\$22.25. As in the previous example, the CBOE market maker must attempt to guess where the market for the underlying security will come out. If the market maker guesses incorrectly, he has exposure. Allowing the market maker to widen his quote allows him a measure of protection until the market for the underlying security again reports trades within the disseminated quote.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations under the Act applicable to a national securities

exchange and, in particular, the requirements of section 6(b) of the Act.¹⁶ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁷ requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts and, in general, to protect investors and the public interest.

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

The CBOE does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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

No written comments were 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.

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 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 at 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 No. SR–CBOE–2003–25 and should be submitted by December 10, 2003.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁸

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–48774; File No. SR–CSE–2003–12]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by The Cincinnati Stock Exchange, Inc. and Amendment No. 1 To Change Its Name to National Stock Exchange

November 12, 2003.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act")¹ and Rule 19b–4 thereunder,² notice is hereby given that on November 5, 2003, The Cincinnati Stock Exchange, Inc. ("CSE" or "Exchange") 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 the CSE. On November 12, 2003, the Exchange filed an amendment to the proposed rule change.³ The Exchange filed the proposal pursuant to Section 19(b)(3)(A)(iii) of the Act⁴ and has designated the proposed rule change as one being concerned solely with the administration of the Exchange under Rule 19b–4(f)(3) of the Act,⁵ which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comment on the proposed rule

¹⁸ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 781(b)(1).

² 17 CFR 240.19b–4.

³ See November 12, 2003 letter from Jennifer M. Lamie, Assistant General Counsel and Secretary, CSE, to Katherine A. England, Assistant Director, Division of Market Regulation, Commission ("Amendment No. 1"). In Amendment No. 1, the CSE replaces "involves a member due, fee or other charge" with "is concerned solely with the administration of the Exchange" in Item III below, to bring it into conformity with Rule 19b–4(f)(3) under the Act. 17 CFR 240.19b–4(f)(3).

⁴ 15 U.S.C. 781(b)(3)(A)(iii).

⁵ 17 CFR 240.19b–4(f)(3).

¹⁶ 15 U.S.C. 78f.

¹⁷ 15 U.S.C. 78f(b)(5).

change, as amended, from interested persons.

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

The Exchange proposes to amend its Amended Articles of Incorporation, By-Laws and Rules to change the name of the Exchange to National Stock ExchangeSM. The text of the proposed rule change is available at the CSE 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 CSE 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 CSE has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

First organized in 1885, the CSE operated as a floor-based exchange in Cincinnati, Ohio, into the mid-1970s. The Exchange thereafter developed and implemented an electronic exchange that has been in operation for over 20 years. In 1988, the CSE engaged the Chicago Board Options Exchange as its systems facilities manager and, thereafter, the CSE determined to move its headquarters to Chicago in the early 1990s.

Today, with enhancements in technology, orders and quotations are sent to the Exchange from all over the country, and the Exchange trades securities listed in the New York Stock Exchange, the American Stock Exchange and the Nasdaq Stock Market. In keeping with this expanding role, the members of the Exchange and its Board of Trustees have deemed it advisable that the name of the Exchange be changed from The Cincinnati Stock Exchange to National Stock Exchange.

The three documents that need to be revised to accomplish and reflect the name change are the Exchange's Amended Articles of Incorporation, By-Laws and Rules. The Exchange represents that the filing reflects a name change only and does not affect the manner of the Exchange's operations and governance structure.

2. Statutory Basis

The CSE believes the proposed rule change is consistent with Section 6(b)(1) of the Act⁶ in that it helps to assure that the Exchange is so organized and has the capacity to be able to carry out the purposes of the Act and to comply, and to enforce compliance by its members, with the Act.

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

The Exchange does not believe that the proposed rule change 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

The members of the Exchange approved the name change at a special membership meeting held on October 23, 2003 pursuant to Article II, Section 10.2 of the Exchange's By-Laws.

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) of the Act⁷ and subparagraph (f)(3) of Rule 19b-4, thereunder,⁸ because it is concerned solely with the administration of the exchange. At any time within sixty (60) days of the filing of such 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 proposed rule change 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-CSE-2003-12 and should be submitted by December 10, 2003.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48775; File No. SR-DTC-2003-12]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Proposed Rule Change Relating to the Processing of Maturity Presentments in DTC's Money Market Instrument Program

November 12, 2003.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on September 30, 2003, The Depository Trust Company ("DTC") 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 primarily by DTC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

The proposed rule change would allow DTC to implement new Money Market Instrument ("MMI") Program procedures regarding the processing of Maturity Presentments ("MP").² Specifically, the new procedures would allow an Issuing/Paying Agent ("IPA") to assign processing priorities to the MMI issuers for which the IPA acts as agent.

¹ 15 U.S.C. 78s(b)(1).

² The references to maturity presentments are intended to cover, in addition to MPs, other payment obligations of MMI issuers, such as periodic principal payments and periodic interest payments.

⁶ 15 U.S.C. 78f(b)(1).

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f)(3).