

Erroneous sell executions will be adjusted to the Theoretical Price (the bid) minus \$.15 for options under \$3, and minus \$.30 for options at or above \$3. This change addresses two issues under the current Rule. First, it simplifies the determination of the appropriate adjustment price and creates certainty for Members who generally do not know which price was first in the market at the time a trade occurs. Second, it protects against abuse of the Rule, as the adjustment price is not as favorable as what the party making the error would have received had it not made an error.

The "Nickel Rule"

The current obvious error Rule does not contain any special criteria for executions in options with a quote of \$0 to \$.05 (no bid, offered at a nickel). The Exchange proposes to create a special standard for no-bid buyers, as a purchase of these options is extremely rare and most often the result of an error. Under proposed Supplementary Material .05, buyers of options priced at no bid, offered at a nickel, may request that their execution be busted if at least the three strike prices below (for calls) or above (for puts) in the same class were quoted no bid, offered at a nickel at the time of the erroneous execution. The buyer must notify market control as otherwise required under the Rule.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with section 6(b) of the Act⁷ in general, and furthers the objectives of section 6(b)(5)⁸ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism for 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 on Burden on Competition

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

The Exchange did not solicit or receive written comments on the proposed rule change.

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-ISE-2003-10 and should be submitted by June 5, 2003.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 03-12146 Filed 5-14-03; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-47810; File No. SR-OC-2003-05]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change and Amendment No. 1 Thereto by OneChicago, LLC To Adopt, on a Permanent Basis, the Standards Under Which a Market Maker Can Qualify for Exclusion From OneChicago's Margin Rules

May 7, 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 May 5, 2003, OneChicago, LLC ("OneChicago" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I and II below, which Items have been prepared by OneChicago. On May 6, 2003, OneChicago submitted Amendment No. 1 to the proposed rule change.³ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons and to grant accelerated approval of the proposed rule change.

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

OneChicago proposes to adopt, on a permanent basis, Rule 515(n)(ii)(C) ("Exclusion for Market Makers") (herein referred to as "Margin Rule"). On November 7, 2002, the Commission approved the Margin Rule on a pilot basis, ending May 7, 2003 ("the Pilot").⁴ OneChicago believes that permanent approval of the Margin Rule is consistent with the jointly adopted margin rules of the Commission and the Commodity Futures Trading Commission ("CFTC") (collectively, "Commissions").

Below is the text of the proposed rule change that OneChicago proposes to adopt on a permanent basis.

* * * * *

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See letter from Madge M. Hamilton, Deputy General Counsel, OneChicago, to Theodore Lazo, Senior Special Counsel, Division of Market Regulation, Commission, dated May 5, 2003.

⁴ See Securities Exchange Act Release No. 46787 (November 7, 2002), 67 FR 69059 (November 14, 2002).

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

⁹ 17 CFR 200.30-3(a)(12).

Customer Margin Requirements

515. General Requirements; Offsetting Positions; Exclusion for Market Makers

(a)–(n)(ii)(B) No Change.

(C) Hold itself out as being willing to buy and sell security futures for its own account on a regular or continuous basis.

A Market Maker satisfies condition (C) above if:

(1) Such Market Maker: (x) provides continuous two-sided quotations throughout the trading day for all delivery months of Contracts representing a meaningful proportion of the total trading volume on the Exchange, subject to relaxation during unusual market conditions as determined by the Exchange (such as a fast market in either a Contract or a security underlying such Contract) at which times such Market Maker must use its best efforts to quote continuously and competitively; and (y) when providing quotations, quotes with a maximum bid/ask spread of no more than the greater of \$0.20 or 150% of the bid/ask spread in the primary market for the security underlying each Contract;

(2) Such Market Maker: (x) responds to at least 75% of the requests for quotation for all delivery months of Contracts representing a meaningful proportion of the total trading volume on the Exchange, subject to relaxation during unusual market conditions as determined by the Exchange (such as a fast market in either a Contract or a security underlying such Contract) at which times such Market Maker must use its best efforts to quote competitively; and (y) when responding to requests for quotation, quotes within five seconds with a maximum bid/ask spread of no more than the greater of \$0.20 or 150% of the bid/ask spread in the primary market for the security underlying each Contract; or

(3) (w) Such Market Maker is assigned to a group of Contracts that is either unlimited in nature (“Unlimited Assignment”) or is assigned to no more than 20% of the Contracts listed on the Exchange (“Limited Assignment”); (x) at least 75% of such Market Maker’s total trading activity in Exchange products is in its assigned Contracts, measured on a quarterly basis; (y) during at least 50% of the trading day such Market Maker has bids or offers in the market that are at or near the best market, except in unusual market conditions as determined by the Exchange (such as a fast market in either a Contract or a security underlying such Contract), with respect to at least 25% (in the case of an Unlimited Assignment) or at least one (in the case of a Limited

Assignment) of its assigned Contracts; and (z) the requirements set forth in clauses (x) and (y) are satisfied on at least 90% (in the case of an Unlimited Assignment) or 80% (in the case of a Limited Assignment) of the trading days in each calendar quarter.

For purposes of clauses (1) and (2) above, beginning on the 181st calendar day after the commencement of trading on the Exchange, a “meaningful proportion of the total trading volume on the Exchange” shall mean a minimum of 20% of such trading volume.

(n)(iii) No Change.

Schedule A—No Change.

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

In its filing with the Commission, OneChicago 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 III below. OneChicago 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

OneChicago proposes to adopt, on a permanent basis, the Margin Rule, which sets forth the standards under which a OneChicago member may be excluded from the Exchange’s margin requirements as a “market maker.” OneChicago believes that the Margin Rule, consistent with Rule 400(c)(2)(v) under the Act⁵ and the CFTC Rule 41.42(c)(2)(v),⁶ establishes standards by which members may qualify as Security Futures Dealers and therefore be excluded from OneChicago’s margin rules.

The Commission did not receive any comments on the Margin Rule during the pilot period. Since OneChicago believes that the Margin Rule has been performing as anticipated during the pilot period and OneChicago proposes no changes to the Margin Rule, OneChicago now proposes to adopt the Margin Rule on a permanent basis.

⁵ 17 CFR 242.400(c)(2)(v).

⁶ 17 CFR 41.42(c)(2)(v).

2. Statutory Basis

OneChicago believes that the proposed rule change is consistent with section 6(b)(5) of the Act,⁷ in that the proposal promotes competition, and is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and to protect investors and the public interest. OneChicago believes that the proposed rule change is designed to accomplish these goals by permitting members to qualify as Security Futures Dealers, as permitted under the Commission’s Rule.⁸

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

OneChicago does not believe that the proposed rule change will have an impact on competition.

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

Comments on the proposed rule change have not been solicited and none have been received.

III. 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 in the Commission’s Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of OneChicago. All submissions should refer to File No. SR–OC–2003–05 and should be submitted by June 5, 2003.

IV. Commission Findings and Order Granting Accelerated Approval of a Proposed Rule Change

The Commission finds that the proposed rule change, as amended, is

⁷ 15 U.S.C. 78f(b)(5).

⁸ See 17 CFR 240.400(c)(2)(v).

consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.⁹ In particular, the Commission believes that the proposed rule change is consistent with the requirements of section 6(b)(5) of the Act,¹⁰ which requires, among other things, that the rules of the Exchange be designed to promote just and equitable principles of trade and, in general, to protect investors and the public interest.¹¹ In addition, the Commission believes that the proposed rule change is consistent with section 7(c)(2)(B) of the Act,¹² which provides, among other things, that the margin requirements for security futures must preserve the financial integrity of markets trading security futures, prevent systemic risk, be consistent with the margin requirements for comparable exchange-traded options, and provide that the margin levels for security futures may be no lower than the lowest level of margin, exclusive of premium, required for any comparable exchange-traded option.

The Commission believes that OneChicago's standards for market makers under Rule 515(n)(ii)(C) are consistent with the Act, and Rule 400(c)(2)(v) thereunder.¹³ Specifically, Rule 400(c)(2)(v) provides that the Commission's joint margin rules do not apply to a member of a national securities exchange that is registered with such exchange as a "Security Futures Dealer" pursuant to exchange rules that must meet several criteria, including a requirement that a Security Futures Dealer be required to "to hold itself out as being willing to buy and sell security futures for its own account on a regular and continuous basis." The Commission believes that the affirmative obligations required by OneChicago pursuant to Rule 515(n)(ii)(C) satisfy this requirement.

OneChicago has requested that the Commission approve the proposed rule change, as amended, prior to the thirtieth day after publication of notice of the filing in the **Federal Register**. The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register**. The Commission believes that accelerated approval of the proposed rule change

should enable OneChicago members that trade security futures as market makers to continue to do so on an uninterrupted basis. The Commission notes that it approved the Margin Rule as a temporary pilot to give members of the public an opportunity to comment on the substance of the Margin Rule. The Commission received no comments on the Pilot. Accordingly, the Commission finds good cause, consistent with section 19(b)(2) of the Act,¹⁴ to approve the proposed rule change, as amended, prior to the thirtieth day after publication of the notice of filing.

V. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act¹⁵, that the proposed rule change (File No. SR-OC-2003-05), as amended, be approved on a permanent basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁶

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 03-12149 Filed 5-14-03; 8:45 am]

BILLING CODE 8010-01-P

DEPARTMENT OF STATE

Office of the Secretary

[Public Notice 4366]

Amendment of the Restriction on the Use of United States Passports for Travel To, In or Through Iraq

By means of Public Notice 4337 of April 16, 2003 (68 FR 18722), certain amendments were made to the restriction set forth in Public Notice 4283 of February 25, 2003 (68 FR 8791) on the use of U.S. passports for travel to, in, or through Iraq.

The security situation in Iraq remains unstable and consular services are not currently available to U.S. citizens there. Nevertheless, it is in the U.S. national interest to continue to facilitate the humanitarian and reconstructive activities taking place in Iraq. Therefore, pursuant to the authorities set forth in 22 U.S.C. 211a, Executive Order 11295, and 22 CFR 51.73, I have decided to broaden further the exemptions from the restriction on the use of U.S. passports for travel to, in, or through Iraq.

Accordingly, Public Notice 4337 of April 16, 2003, which amended Public Notice 4283, of February 25, 2003, is hereby amended by deleting the

penultimate paragraph (beginning with "Accordingly") and replacing it with the following:

"Accordingly, United States passports shall continue to be invalid for travel to, in, or through Iraq unless specifically validated for such travel under the authority of the Secretary of State. This restriction on the validity of U.S. passports for travel to, in or through Iraq shall not apply to U.S. passports held by (1) persons resident in Iraq since February 1, 1991; (2) professional reporters and journalists on assignment there; (3) persons conducting humanitarian activities, as defined in 31 CFR Section 575.330; (4) persons conducting activities within the scope of a U.S. Government contract or grant, including employees of subcontractors and other persons hired to conduct such activities; (5) personnel of the United Nations and its agencies; or (6) U.S. Government personnel on official U.S. Government assignment in Iraq, including Members of Congress and their staffs on official business there."

This Public Notice amending Public Notice Number 4337 is effective May 9, 2003, and shall expire at midnight on February 25, 2004, unless sooner extended or revoked by public notice.

Dated: May 9, 2003.

Colin L. Powell,

Secretary of State, Department of State.

[FR Doc. 03-12296 Filed 5-14-03; 8:45 am]

BILLING CODE 4710-10-P

TENNESSEE VALLEY AUTHORITY

Environmental Impact Statement—Koppers Coal Reserve Management Plan

AGENCY: Tennessee Valley Authority (TVA).

ACTION: Notice of intent.

SUMMARY: This notice is provided in accordance with the Council on Environmental Quality's regulations (40 CFR parts 1500 to 1508), section 106 of the National Historic Preservation Act (NHPA) and its implementing regulations (36 CFR part 800), and TVA's procedures implementing the National Environmental Policy Act (NEPA). TVA will prepare an Environmental Impact Statement (EIS) to assess the impacts of various strategies for future management of TVA's mineral rights underlying 53,000 acres in Scott and Campbell Counties, Tennessee known as the Koppers Coal Reserve. TVA estimates approximately 5,000 acres of surface disturbance could occur from mining all of the identified

⁹ 15 U.S.C. 78s(b)(2).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ In approving the proposed rule, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹² 15 U.S.C. 78g(c)(2)(B).

¹³ 17 CFR 240.400(c)(2)(v)(B)(3).

¹⁴ 15 U.S.C. 78s(b)(2).

¹⁵ 15 U.S.C. 78s(b)(2).

¹⁶ 17 CFR 200.30-3(a)(12).