

the meeting in a manner that will facilitate the orderly conduct of business. The following procedures apply to public participation in the meeting:

1. Persons who wish to provide a written statement should submit a reproducible copy to Angela R. Williamson, U.S. Nuclear Regulatory Commission, Two White Flint North, Mail Stop T8F5, 11545 Rockville Pike, Rockville, MD 20852-2738. Submittals must be postmarked by February 9, 2004, and must pertain to the topics on the agenda for the meeting.

2. Questions from members of the public will be permitted during the meeting, at the discretion of the Chairman.

3. The transcript and written comments will be available for inspection on NRC's Web site (www.nrc.gov) and at the NRC Public Document Room, 11555 Rockville Pike, Rockville, MD 20852-2738, telephone (800) 397-4209, on or about March 22, 2004. Minutes of the meeting will be available on or about May 3, 2004.

This meeting will be held in accordance with the Atomic Energy Act of 1954, as amended (primarily Section 161a); the Federal Advisory Committee Act (5 U.S.C. App); and the Commission's regulations in Title 10, U.S. Code of Federal Regulations, Part 7.

Dated: January 23, 2004.

Andrew L. Bates,

Advisory Committee Management Officer.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-49117; File No. SR-BSE-2003-31]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Boston Stock Exchange, Inc. To Extend Trading Hours From 8 a.m. Until 9:28 a.m., and From 4:16 p.m. Until 6:30 p.m. To Allow for the Execution of Matched Orders Only

January 22, 2004.

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 December 22, 2003, the Boston Stock Exchange, Inc. ("BSE" 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 Exchange. 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 Exchange proposes to amend its rules to add a new chapter relating to the execution of transactions during an extended hours session. 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 BSE 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 BSE 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 Exchange proposes to add new Chapter IIC to its Rules in order to provide for the facilitation of certain orders outside of the regular 9:30 a.m. to 4 p.m. Primary Session, and the 4:01 p.m. to 4:15 p.m. Post Primary Session. Specifically, the Exchange is seeking to extend trading hours from 8 a.m. until 9:28 a.m., and from 4:16 p.m. until 6:30 p.m. to allow for the execution of matched orders only. All orders for execution during the Extended Trading Session ("ETS") would need to be specifically designated and submitted with a contra order, matched in price and size. The BSE believes that the addition of the ETS will allow the BSE to more effectively compete with other exchanges that operate similar extended hours trading sessions.

During the ETS, the Exchange's auction market rules would apply, as during Primary Session trading hours, with minor exceptions. Although no book quote will be available, the Exchange will comply with the requirements of Rule 11Ac1-1 under the Act³ and supply a quotation in all securities, which will be traded during

the ETS. Additionally, the BSE's Execution Guarantee Rule, as set forth in Chapter II, Section 33 of its Rules, will not apply as it is specifically tailored to the acceptance of market and marketable limit orders. Since there is no National Best Bid and Offer ("NBBO") established outside of the Primary Session, there is no way to establish what would constitute a market or marketable limit order. Moreover, the ETS is designed so as to permit the execution of matched orders only, so the concept of market or marketable limit orders does not apply.

Due to the fact that trading at any time other than the Exchange's Primary Session involves certain risks, the BSE will not permit its members to accept any orders for execution in the ETS without making certain disclosures to its customers. The BSE suggests a form of disclosure in its proposed rules, but mandates that the disclosure informs the customer that extended hours trading involves material trading risks, including the possibility of lower liquidity, high volatility, changing prices, unlinked markets, an exaggerated effect from news announcements, wider spreads and any other relevant risk.

The Exchange will systematically reject any orders designated for execution in the ETS, but which are not submitted on both sides of the market and matched exactly as to security, size, price and time of entry ("Matched Orders"). However, the Exchange will accept orders for the Primary Session during the 8 a.m. to 9:28 a.m. period of the ETS. Any orders not specifically designated for the ETS, but submitted during the 8 a.m. to 9:28 a.m. period of the ETS, will be retained for entry into the Primary Session, and will become eligible for execution at 9:30 a.m.

2. Statutory Basis

The Exchange believes the proposal is consistent with Section 6(b) of the Act,⁴ in general, and Section 6(b)(5) of the Act,⁵ in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating securities transactions, to remove impediments to perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.11Ac1-1.

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(5).

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

No written comments were either 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 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. Comments may also be submitted electronically at the following e-mail address: *rule-comments@sec.gov*. All comment letters should refer to File No. SR-BSE-2003-31. This file number should be included on the subject line

if e-mail is used. To help the Commission process and review your comments more efficiently, comments should be sent in hardcopy or by e-mail but not by both methods. 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 BSE. All submissions should refer to File No. SR-BSE-2003-31 and should be submitted by February 18, 2004.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,
Deputy Secretary.
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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-49108; File No. SR-CBOE-2004-01]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto by the Chicago Board Options Exchange, Incorporated Relating to the UMA Calculation for the CBOE Hybrid System

January 21 2004.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,¹ notice

is hereby given that on January 8, 2004, the Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the CBOE. On January 20, 2004, the Exchange submitted amendment No. 1 to the proposed rule change.² 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 CBOE proposes to allow the appropriate Index Floor Procedure Committee ("IFPC") to vary the component weightings of the Ultimate Matching Algorithm ("UMA") formula by product. The text of the proposed rule change appears below. Proposed new language is in *italics*; proposed deletions are in [brackets].

Rule 6.45A Priority and Allocation of Trades for CBOE Hybrid System

- (a)(i)
- (A) No change
- (B)(1) No change
- (B)(2) More than One Market Participant Quoting at BBO: When more than one market participant is quoting at the BBO, inbound electronic orders shall be allocated pursuant to the following allocation algorithm:

Allocation Algorithm

$$\text{Incoming Order Size} * \frac{\begin{matrix} \text{(Equal Percentage based on} \\ \text{number of market participants} \\ \text{quoting at BBO)} \\ \text{(Component A)} \end{matrix} + \begin{matrix} \text{(Pro-rata Percentage based on size} \\ \text{of market participant quotes)} \\ \text{(Component B)} \end{matrix}}{2}$$

Where:

Component A: The percentage to be used for Component A shall be an equal percentage, derived by dividing 100 by the number of market participants quoting at the BBO.

Component B: Size Prorata Allocation. The percentage to be used for Component B of the Allocation Algorithm formula is that percentage that the size of each market participant's quote at the best price represents

relative to the total number of contracts in the disseminated quote.

Final Weighting: The final weighting formula for equity options, which shall be determined by the appropriate FPC and apply uniformly across all options under its jurisdiction, shall be a

⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78(b)(1).

² See Letter from Stephen Youhn, Counsel, CBOE, to Deborah Flynn, Assistant Director, Division, Commission, dated January 20, 2004. In

Amendment No. 1, CBOE replaced in its entirety the original proposed rule filing.