

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-51991; File No. SR-BSE-2005-23)

July 7, 2005

Self-Regulatory Organizations; Boston Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto to Add New Account Identification Codes

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 June 23, 2005, 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 and II below, which Items have been prepared by the BSE. On July 7, 2005, the BSE filed Amendment No. 1 to the proposed rule change.³ The BSE filed the proposal pursuant to Section 19(b)(3)(A) of the Act,⁴ and Rule 19b-4(f)(6) thereunder,⁵ which renders the proposal effective upon filing with the Commission.⁶ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ In Amendment No. 1, the Exchange made non-substantive changes to re-format certain account identification code headings and clarify references made to rules of the New York Stock Exchange, Inc. (“NYSE”) and the American Stock Exchange LLC (“AMEX”). The effective date of the original proposed rule change is June 23, 2005, and the effective date of Amendment No. 1 is July 7, 2005. For purposes of calculating the 60-day period within which the Commission may summarily abrogate the proposed rule change under Section 19(b)(3)(C) of the Act, the Commission considers such period to commence on July 7, 2005, the date on which the Exchange filed Amendment No. 1. See 15 U.S.C. 78s(b)(3)(C).

⁴ 15 U.S.C. 78s(b)(3)(A).

⁵ 17 CFR 240.19b-4(f)(6).

⁶ The BSE has asked the Commission to waive the five-day pre-filing notice requirement and the 30-day operative delay. See Rule 19b-4(f)(6)(iii), 17 CFR 240.19b-4(f)(6)(iii). See also discussion infra Section III.

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

The BSE proposes to amend its rules regarding Account Identification Codes.⁷ The text of the proposed rule change is available on the BSE’s Internet Web site (<http://www.bostonstock.com>), at the BSE’s Office of the Secretary, and at the Commission’s Public Reference Room.

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 is seeking to add several Account Identification Codes to its existing rules regarding recordkeeping requirements. In Chapter II, “Dealings on the Exchange”, Section 15, “Record of Orders from Offices to Floor”, the BSE requires that each order be marked with one of several Account Identification Codes. The codes that are currently available are as follows:

	Program Trade Index Arbitrage	Program Trade Non- Index Arbitrage	All Other Orders
Member/member organization:			
--Proprietary	D	C	P
--As agent for other member	M	N	W

⁷ See infra Section II.A.1 for a complete description of the terms and purpose of the proposed rule change.

Customer:

--Individual (80A)	J	K	I
--Other agency	U	Y	A

Accompanying the existing Account Identification Codes are definitions, as follows:

Definitions:

Member/member organization, proprietary: a member/member organization trading for its own account.

Member/member organization, as agent for other member: a member/member organization trading as agent for the account of another member/member organization.

Program Trade, Index Arbitrage: the purchase or sale of "baskets" or groups of stocks in conjunction with the intended purchase or sale of one or more cash-settled options or futures contracts in an attempt to profit by the price difference, as defined in NYSE Rule 80A.

Program Trade, Non-Index Arbitrage: a trading strategy involving the related purchase or sale of a group of 15 or more stocks having a total market value of \$1 million or more, as defined in NYSE Rule 80A.

Individual (80A): an account for an individual as defined by NYSE Rule 80A.

Other Agency: any other non-member or non-member organization.

The BSE proposes to add new Account Identification Codes and definitions to its rules in

order to provide its members and customers with the ability to more accurately reflect their specific type of trading in the records of their orders. Similar identification codes and accompanying definitions are presently utilized by other exchanges, such as the NYSE, as required by NYSE Rule 123 “Record of Orders,” and the AMEX, as set forth in AMEX Rule 719, “Comparison of Exchange Transactions.” The account types and definitions that the BSE seeks to add to its existing rules are similar to those set forth by the NYSE and AMEX. The BSE proposes to add the following information to its account indicator requirements:

	Competing Mkt. Mkr.	Short Exempt	Competing Mkt. Mkr., Short Exempt
Member/member organization:			
--Proprietary	O	E	L
--As agent for other member	T	F	X
Customer:			
--Individual (80A)	-	H	-
--Other agency	R	B	Z

Additional definitions would also be added to reflect the new codes:

Competing Market Maker: any person acting as a market maker, as defined in Section 3(a)(38) of the Securities Exchange Act of 1934, in an exchange-listed security. A person acting solely in the capacity of a block positioner would not be considered a competing market maker.

Proprietary, Competing Market Maker: a member or member organization trading for its own competing market maker account.

As Agent for Other Member, Competing Market Maker: a member or member organization trading as agent for another member’s competing market maker account.

Other Agency, Competing Market Maker: a member or member organization trading as agent for the proprietary account for a non-member competing market maker.

Short Exempt: short sale transactions that are exempt from the provisions of SEC Rule 10a-1.

In proposing the above changes, the BSE seeks to be consistent with the similar requirements of other exchanges regarding account identification codes. Moreover, the addition of the various codes will provide Exchange members the ability to more appropriately identify the types of trading activity in which they engage, and therefore, to maintain more accurate and detailed records of their trading activity.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of Section 6(b) of the Act,⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁹ in particular, in that it is designed to promote just and equitable principles of trade and to remove impediments to and perfect the mechanism of a free and open market and a national market system, and is not designed to permit unfair discrimination between customers, brokers, or dealers, or to regulate by virtue of any authority matters not related to the administration of the Exchange.

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

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

The BSE 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 BSE 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

Because the foregoing proposed rule change: (1) does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) by its terms does not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative for 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii) permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to provide the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

The BSE has asked the Commission to waive the five-day pre-filing notice requirement and the 30-day operative delay to allow the Exchange to immediately apply the new Account Identification Codes. The Commission waives the five-day pre-filing notice requirement. In addition, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because the proposed rule change will provide the

Exchange's members and customers with the ability to more appropriately identify the types of trading activity in which they engage and more accurately reflect their specific type of trading in the records of their orders.¹⁰

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.¹¹

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. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-BSE-2005-23 on the subject line.

Paper comments:

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-9303.

All submissions should refer to File No. SR-BSE-2005-23. 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, please use only one method. The Commission will post all comments on the

¹⁰ For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹¹ See supra note 3.

Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). 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 BSE. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions.

You should submit only information that you wish to make available publicly. All submissions should refer to File No. SR-BSE-2005-23 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹²

J. Lynn Taylor
Assistant Secretary

¹² 17 CFR 200.30-3(a)(12).