

do not. Fees for firms that do not use MQ Series remain unchanged.

2. Statutory Basis

Nasdaq believes that the proposed rule change is consistent with the Act, including Section 15A(b)(5) of the Act,⁵ which requires that the rules of the NASD provide for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which the NASD operates or controls.

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

Nasdaq believes that the proposed rule change will not result in 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

Written comments were neither solicited nor 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 NASD 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 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 NASD. All submissions should refer to file number SR-NASD-2002-83 and should be submitted by July 23, 2002.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 02-16543 Filed 7-1-02; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46111; File No. SR-NASD-2002-82]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 by the National Association of Securities Dealers, Inc. to Establish Fees Assessed on NASD Members for the Use of Computer-to-Computer Interface Transmission Control Protocol/Internet Protocol Lines That Use Message Queue Series Software

June 25, 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 June 14, 2002, the National Association of Securities Dealers, Inc. ("NASD" or "Association"), through its subsidiary, The Nasdaq Stock Market, Inc. ("Nasdaq"), 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 Nasdaq. On June 19, 2002, Nasdaq amended the proposal.³ Nasdaq

⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See June 19, 2002 letter from John M. Yetter, Assistant General Counsel, Nasdaq, to Katherine A. England, Assistant Director, Division of Market

filed the proposal pursuant to section 19(b)(3)(A) of the Act,⁴ and Rule 19b-4(f)(2) thereunder⁵ as one establishing or changing a due, fee or other charge imposed by the self-regulatory organization, 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

Nasdaq proposes to establish the fees assessed on NASD members for the use of Computer-to-Computer Interface ("CTCI") Transmission Control Protocol/Internet Protocol ("TCP/IP") lines that use Message Queue Series ("MQ Series") software.⁶ Nasdaq will implement the proposed rule change on July 1, 2002.

The text of the proposed rule change is below. Proposed new language is in italics.

Rule 7010. System Services

- (a)-(e) No change.
- (f) Nasdaq Workstation™ Service
- (1)-(2) No change.
- (3) The following charges shall apply for each CTCI subscriber*:

Options	Price
Option 1: Dual 56kb lines (one for redundancy) and single hub and router.	\$1275/month.
Option 2: Dual 56kb lines (one for redundancy), dual hubs (one for redundancy), and dual routers (one for redundancy).	\$1600/month.
Option 3: Dual T1 lines (one for redundancy), dual hubs (one for redundancy), and dual routers (one for redundancy). Includes base bandwidth of 128kb.	\$8000/month.

Regulation, Commission ("Amendment No. 1"). In Amendment No. 1, Nasdaq completely deleted the text of the proposed rule language in the original filing, and provided new proposed rule text. For purposes of calculating the 60-day abrogation period, the Commission considers the abrogation period to have commenced on June 19, 2002, the date Nasdaq filed Amendment No. 1.

⁴ 15 U.S.C. 78s(b)(3)(A).

⁵ 17 CFR 240.19b-4(f)(2).

⁶ In a companion filing, SR-NASD-2002-83, Nasdaq proposes to make identical changes to the CTCI TCP/IP fees charged to non-members. See Securities Exchange Act Release No. 46112 (June 25, 2002).

⁵ 15 U.S.C. 79o-3(b)(5).

Option 1, 2, or 3 with message queue software enhancement	Fee for option 1, 2, or 3 (including any bandwidth enhancement fee) plus 20%
Disaster Recovery Option: Single 56kb line with single hub and router. (For remote disaster recovery sites only.)	\$975/month.
Bandwidth Enhancement Fee (for T1 subscribers only)	\$4000/month per 64kb increase above 128kb T1 base.
Installation Fee	\$2000 per site for dual hubs and routers.
	\$1000 per site for single hub and router.
Relocation Fee (for the movement of TCP/IP-capable lines within a single location).	\$1700 per relocation.

* As reflected in SR-NASD-00-80 and SR-NASD-00-81, x.25 CTCI circuits are being replaced with TCP/IP CTCI circuits. Pursuant to SR-NASD-2001-87 and SR-NASD-2001-88, the fee for x.25 CTCI circuits—which has remained \$200 per month per circuit—is increased to \$1,275 per month per circuit until the date of the termination of such circuits.

(g)-(r) No change.

* * * * *

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

In its filing with the Commission, Nasdaq 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. Nasdaq 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

Nasdaq's CTCI network is a point-to-point dedicated circuit connection from the premises of brokerages and service providers to Nasdaq's Trumbull, Connecticut processing facilities. Through CTCI, firms are able to enter trade reports into Nasdaq's Automated Confirmation Transaction Service ("ACT") and orders into Nasdaq's transaction execution systems.

In response to numerous requests from market participants that Nasdaq upgrade the speed and reliability of its CTCI data transmission environment, Nasdaq began the process in January 2001 of "sunsetting" its CTCI x.25/bisynch network in favor of a new network that provides greater capacity and a more efficient transmission protocol. The new CTCI network operates over the Enterprise Wide Network II ("EWN II") and provides connectivity over more powerful 56kb

and T1 data lines. In addition, the new CTCI network uses the industry-standard TCP/IP transmission protocol, a protocol that is robust, efficient, and well known among the technical community. In May 2002, Nasdaq completed the "sunsetting" process. All members and non-members that access Nasdaq through CTCI have now been transitioned to TCP/IP lines.

As an optional enhancement, Nasdaq will support the use of MQ Series software over the TCP/IP lines. MQ Series is a commercially available messaging product that provides firms with the ability to integrate disparate systems over a common application programming interface ("API") messaging infrastructure. There are over 20 operating systems that are supported by MQ Series, including Windows, Solaris, Mac OS, and Linux. Firms that use MQ Series are able to establish networks with less effort, skill, and resources, thereby achieving a seamless interconnection of disparate communications systems, and can make use of a comprehensive family of APIs designed to make coding for any messaging task straightforward. The use of MQ Series by firms that link to Nasdaq through CTCI TCP/IP is entirely optional.

In order to support the use of MQ Series by firms, Nasdaq has expended, and must continue to expend, resources to license, install, and maintain the software. Moreover, the system resources required to use MQ Series increase with the size of the TCP/IP line with which it is used. Accordingly, Nasdaq believes that it is appropriate to charge firms that opt to use MQ Series a higher fee for lines that use the software than for comparable lines that do not. Fees for firms that do not use MQ Series remain unchanged.

2. Statutory Basis

Nasdaq believes the proposed rule change is consistent with the Act, including section 15A(b)(5) of the Act,⁷ which requires that the rules of the NASD provide for the equitable allocation of reasonable fees, and

other charges among members and issuers and other persons using any facility or system which the NASD operates or controls.

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

Nasdaq believes that the proposed rule change will not result in 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

Written comments were neither solicited nor received.

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 establishes or changes a due, fee, or other charge imposed by the Association. 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

⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

⁹ 17 CFR 240.19b-4(f)(2).

⁷ 15 U.S.C. 78o-3(b)(5).

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 Association. All submissions should refer to file number SR-NASD-2002-82 and should be submitted by July 23, 2002.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02-16545 Filed 7-1-02; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46103; File No. SR-NYSE-2002-21]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the New York Stock Exchange, Inc. To Allow the Use of Revised Forms U-4 and U-5

June 21, 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 June 5, 2002, the New York Stock Exchange, Inc. ("NYSE" 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 Exchange filed the proposal pursuant to Section 19(b)(3)(A) of the Act,³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposal effective upon filing with the Commission. 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 hereby submits revised Uniform Application for Securities Industry Registration or Transfer ("Form U-4") and the revised Uniform Termination Notice for Securities Industry Registration ("U-5") for Commission review.

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 NYSE included statements concerning the purpose of and basis for its proposal and discussed any comments it received regarding the proposal. 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 this proposed rule change is to allow the NYSE to use revised Uniform Application for Securities Industry Registration or Transfer ("Form U-4") and Uniform Termination Notice for Securities Industry Registration ("Form U-5") (together, the "Forms"). The NYSE uses these Forms as part of its registration and oversight of persons associated with members and member organizations. In addition, these Forms are used in connection with the National Association of Securities Dealers, Inc.'s ("NASD") Central Registration Depository ("CRD") system, in which the Exchange participates. The CRD is an industry-wide automated system, which allows for the efficient review and tracking of registered persons in the securities industry, as well as changes in their work and disciplinary histories.

The Forms were filed by NASD Regulation, Inc. ("NASDR") with the Commission, and approved by the Commission on March 11, 2002.⁵ The NYSE included in its filing copies of the Forms (marked as Exhibits A and B). SR-NASD-2002-05 was based on NASDR's efforts to enhance the CRD and the registration and termination process of individuals in the securities

industry. The Forms were amended to provide additional enhancements and information for more meaningful and detailed disclosure. The Forms are to be submitted electronically through the Internet.

The technical changes to the Forms will (1) update the Form U-4 to add examination and registration categories that were not previously included; (2) make certain formatting and technical changes to the Forms that would complete the transition from a paper-based filing model to an electronic-filing model; (3) clarify certain items that have been a source of confusion for Web CRD users; (4) provide separate paper filing instructions for those filers that do not use the CRD or Investment Adviser Registration Depository ("IARD") systems; (5) accommodate the electronic submission of investment adviser filings in the IARD system; and (6) establish procedures that will enable broker/dealer firms and investment adviser firms employing dually registered persons to concur with information contained in the Forms.

Specific revisions that affect NYSE members and member organizations include the addition of new registration categories. The revised Forms add new registration categories for the NYSE Trading Assistant ("TA") and Specialist Clerk ("SC") positions.⁶

The revised Forms also add: (1) a Series 7A examination that corresponds with the Floor Member Conducting Public Business ("PM") and Floor Clerk Conducting Business ("PC") registration category;⁷ (2) a NYSE Branch Manager Series 12 examination that corresponds with the Securities Manager ("SM") registration category;⁸ (3) a Series 21 examination that corresponds with the

⁶ See Securities Exchange Act Release Nos. 40943 (January 13, 1999), 64 FR 3330 (January 21, 1999) (SR-NYSE-98-36) and 41701 (August 3, 1999), 64 FR 43804 (August 11, 1999) (SR-NYSE-99-20) in which the Commission approved the TA and SC positions, respectively.

⁷ See Securities Exchange Act Release No. 32698 (July 29, 1993), 58 FR 41539 (August 4, 1993) (SR-NYSE-93-10) in which the Commission approved the NYSE proposed rule change to adopt the Series 7A examination as a module of the Series 7 examination for floor members who only accept orders from professional customers, and to establish a new registration category. See also Securities Exchange Act Release No. 42092 (November 2, 1999), 64 FR 61375 (November 10, 1999) (SR-NYSE-99-36) in which the Commission approved the NYSE proposal to eliminate the Series 7B examination and adopt a new interpretation of Rule 345 to establish the Series 7A examination as the qualifying examination for floor clerks who only accept orders from professional customers.

⁸ See Securities Exchange Act Release No. 39712 (March 3, 1998), 63 FR 11939 (March 11, 1998) (SR-NYSE-97-33), in which the Commission approved a Continuing Education Program for supervisors that included Series 12 examination-qualified securities managers.

⁵ See Securities Exchange Act Release No. 45531 (March 11, 2002), 67 FR 11735 (March 15, 2002) (SR-NASD-2002-05).

¹⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6). The NYSE provided the Commission with written notice of its intention to file this proposed rule change on May 28, 2002. The Exchange has asked the Commission to waive the 30-day operative delay.