

disciplinary rule and procedures. These changes are intended to reflect and facilitate the "hybrid" regulatory scheme resulting from the ISE's regulatory services agreement with NASD Regulation, Inc. ("NASDR") pursuant to which, among other things, NASDR provides services related to conducting regulatory investigations and disciplinary actions.

The proposed rule change was published for comment in the **Federal Register** on May 29, 2001.³ The Commission received no comments on the proposal.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange⁴ and, in particular, the requirements of Section 6 of the Act⁵ and the rules and regulations thereunder. The Commission finds specifically that the proposed rule change is consistent with Sections 6(b)(6) and 6(b)(7) of the Act, respectively,⁶ in that the proposed rule change satisfies the requirements that an Exchange's rule: (1) Provide that its members and persons associated with its members shall be appropriately disciplined for violation of the Exchange Act, the rules and regulations thereunder, or the rules of the exchange; and (2) provides a fair procedure for the disciplinary of members and persons associated with members.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁷ that the proposed rule change (File No. SR-ISE-2001-04) be, and it hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁸

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44550; File No. SR-NSCC-2001-08]

Self-Regulatory Organizations; National Securities Clearing Corporation; Order Granting Approval of a Proposed Rule Change Relating to Processing Commission Payments

July 12, 2001.

On April 27, 2001, the National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-NSCC-2001-08) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").¹ Notice of the proposal was published in the **Federal Register** on May 29, 2001.² No comment letters were received. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

I. Description

The purpose of the filing is to further standardize and automate NSCC's processing of commission payments to non-clearing members. In accordance with NSCC Rule 16, NSCC's Commission Bill Service currently permits non-clearing members entitled to a credit to receive their monthly commission bill payments either electronically by Automated Clearing House ("ACH") wire transfer or manually by check. At present, slightly less than 50% of NSCC's approximate 350 non-clearing members receive their commission bill payments by check. Such manual distributions are made on the floors of the New York Stock Exchange ("NYSE") and the American Stock Exchange ("AMEX"). The proposed rule change will require all non-clearing members to execute appropriate ACH documentation and to receive their credit payments by ACH wire transfer.

In the event a non-clearing member does not pay an amount it owes to NSCC, the rule is being changed to explicitly permit NSCC to set-off any future commission bill credits to which the non-clearing member is entitled.

Subject to Commission approval, NSCC will implement the proposed rule changes on July 13, 2001. Any non-clearing member that has not executed the appropriate ACH wire transfer documentation will not receive any credit payments until it does.

¹ 15 U.S.C. 78s(b)(1).

² Securities Exchange Act Release No. 44330 (May 29, 2001), 66 FR 29192.

II. Discussion

Section 17A(b)(3)(F)³ of the Act requires that the rules of a clearing agency be designed to remove impediments to and perfect the mechanism of a national system. The proposed rule change allows NSCC to require non-clearing members to receive their monthly commission payments by wire transfer rather than by check. By electronically transferring such funds, NSCC can further standardize and automate its processing systems which is consistent with NSCC's obligation to remove impediments to and perfect the mechanism of the national system for clearance and settlement. Therefore, the Commission finds that NSCC's proposed rule change is consistent with its obligations under section 17A(b)(3)(F) of the Act.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 17A of the Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-NSCC-2001-08) be and hereby is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁴

Jonathan G. Katz,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44539; No. SR-NYSE-2001-14]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the New York Stock Exchange, Inc. To Amend Rule 13 on XPress Quote Parameters

July 11, 2001.

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 13, 2001, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the

³ 15 U.S.C. 78q-1(b)(3)(F).

⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 44327 (May 18, 2001), 66 FR 29188.

⁴ In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁵ 15 U.S.C. 78f.

⁶ 15 U.S.C. 78f(b)(6)-(7).

⁷ 15 U.S.C. 78s(b)(2).

⁸ 17 CFR 200.30-3(a)(12).