

set forth on the ROT Equity Option Payment for Order Flow Charges Schedule⁴ and subject to certain exceptions listed below. The Phlx intends to implement the payment for order flow fees for trades settling on or after November 1, 2003 through January 31, 2004. The rate levels would not change: the top-ranked equity option would be charged a fee of \$1.00 per contract; the next 49 equity options would be charged a fee of \$.40 per contract; and no fee would be imposed for the remaining equity options in the top 120.⁵ The Exchange's ROT Equity Option Payment for Order Flow Charges Schedule is available at the Phlx 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 Phlx included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it had received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Phlx 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

The Phlx has reinstated its payment for order flow program.⁶ Under the program, the Phlx charges ROTs a per-contract fee with respect to their

equity options is based on volume statistics from July, August, and September 2003.

⁴ To avoid confusion, the ROT Equity Option Payment for Order Flow Charges Schedule reflects only those options being charged more than \$0.00.

⁵ Under the Exchange's payment for order flow program, a 500 contract cap per individual cleared side of a transaction is imposed. Thus, the applicable payment for order flow fee would be imposed only on the first 500 contracts per individual cleared side of a transaction. For example, if a transaction consists of 750 contracts by one ROT, the applicable payment for order flow fee would be applied to, and capped at, 500 contracts for that transaction. Also, if a transaction consists of 600 contracts, but is divided equally among three ROTs, the 500 contract cap would not apply to any such ROT and each ROT would be assessed the applicable payment for order flow fee on 200 contracts, as the payment for order flow fee is assessed on a per ROT, per transaction basis. See Securities Exchange Act Release No. 47958 (May 30, 2003), 68 FR 34026 (June 6, 2003) (proposing SR-Phlx-2002-87) and Securities Exchange Act Release No. 48166 (July 11, 2003), 68 FR 42540 (July 17, 2003) (approving SR-Phlx-2002-87).

⁶ See Securities Exchange Act Release No. 47090 (December 23, 2002), 68 FR 141 (January 2, 2003) (SR-Phlx-2002-75).

transactions in the top 120 most actively traded equity options issues, subject to certain exceptions.⁷ The fees are set forth on the Phlx's ROT Equity Option Payment for Order Flow Charges Schedule.

1. Purpose

The purpose of the proposed rule change is to establish the payment for order flow fees for the top 120 equity options for trades settling on or after November 1, 2003 through January 31, 2004. The Phlx will file with the Commission a proposed rule change to address changes to the fee schedule for subsequent time periods. The Phlx is not making any other changes to its payment for order flow program at this time.

2. Statutory Basis

The Exchange believes that this proposal to amend its schedule of dues, fees and charges would be an equitable allocation of reasonable fees among Phlx members, and that the proposal is consistent with Section 6(b) of the Act⁸ and furthers the objectives of Section 6(b)(4) of the Act.⁹

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

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

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

The Phlx neither solicited nor received written comments on this proposal.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing proposed rule change has been designated as a fee change pursuant to Section 19(b)(3)(A)(ii) of the Act¹⁰ and Rule 19b-4(f)(2)¹¹ thereunder. Accordingly, the proposal has taken effect upon filing with the Commission. At any time within 60

⁷ The payment for order flow fee does not apply to specialist transactions or to transactions between: (1) A ROT and a specialist; (2) a ROT and a ROT; (3) a ROT and a firm; and (4) a ROT and a broker-dealer. According to the Phlx, the fee is not imposed with respect to the above-specified transactions because the primary focus of the program is to attract order flow from customers. The payment for order flow fee also does not apply to index or foreign currency options.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4).

¹⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

¹¹ 17 CFR 240.19b-4(f)(2).

days after the filing of the proposed rule change, the Commission may summarily abrogate the 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 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 Phlx. All submissions should refer to File No. SR-Phlx-2003-70 and should be submitted by November 20, 2003.

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

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48692; File No. SR-SCCP-2003-04]

Self-Regulatory Organizations; Stock Clearing Corporation of Philadelphia; Notice of Filing of a Proposed Rule Change Relating to Permanent Approval of SCCC's Restructured Limited Clearing Business

October 24, 2003.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on June 20, 2003, the Stock Clearing Corporation of Philadelphia ("SCCP")

¹² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

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 primarily by SCCP. 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

In the proposed rule change, SCCP seeks to obtain permanent approval of SCCP's restructured business whereby it provides limited clearance and settlement services.

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

In its filing with the Commission, SCCP 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. SCCP has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The purpose of the proposed rule change is to obtain permanent approval of SCCP's restructured and limited clearance and settlement business. In connection with the withdrawal by the Philadelphia Stock Exchange, Inc. ("Phlx") from the securities depository business (offered by its wholly owned subsidiary the Philadelphia Depository Trust Company ("Philadep") and its restructuring and limiting its clearance and settlement business (offered by its wholly owned subsidiary SCCP), Phlx, SCCP, Philadep, National Securities Clearing Corporation ("NSCC"), and The Depository Trust Company ("DTC"), entered into an agreement dated as of June 18, 1997 ("Agreement"). Under the Agreement, the parties worked together to assure the orderly transition of most of the day-to-day depository and clearance services of the Philadep and SCCP to DTC and NSCC. Pursuant to the Agreement, SCCP ceased operating its continuous net settlement ("CNS") system for conducting settlements between SCCP

and its participants. As a result, SCCP ceased providing the cash settlement services attendant to Philadep's same-day funds settlement system and the Philadep settlement process. However, pursuant to the Agreement, SCCP continued to offer limited clearing and settlement services to PHLX members.

In December 1997, the Commission approved proposed rule changes which gave effect to the Agreement, which reflected Philadep's withdrawal from the depository business, and which temporarily approved SCCP's restructured and limited clearance and settlement business.³ Subsequently, the Commission has extended the temporary approval several times so that SCCP could continue to offer restructured and limited clearance and settlement services.⁴

SCCP is hereby proposing that the Commission grant permanent approval to its providing these limited clearance and settlement services. SCCP believes that its restructured operations have functioned consistent with its original proposed rule change. More specifically, SCCP believes its operations are functioning well under actual working conditions.

In the original rule filing approving SCCP's restructured business, many SCCP rules were amended and discussed at length. No new rule changes are proposed at this time. Thus, the purpose of the proposed rule change is to acquire permanent approval of SCCP's restructured and limited clearing and settlement services, as discussed in more detail below.

Under its proposal, SCCP will continue to offer trade confirmation and recording services to Phlx members effecting transactions through regional

interface operations ("RIO") accounts and ex-clearing accounts. SCCP will not provide clearing guarantees for these transactions.

SCCP will continue to provide margin accounts for margin members that clear and settle their transactions through SCCP's Omnibus Clearance and Settlement Account at NSCC.⁵ SCCP will continue to have the right to demand at any time that a margin member provide additional margin based upon SCCP's review of the margin member's security positions held in its margin account at SCCP. SCCP will retain the margin thresholds specified in its Procedures and will continue to have the right to require adequate assurances or additional margin in addition to the minimum margin thresholds in order to protect SCCP in issues deemed by SCCP to warrant additional protection. SCCP may also continue to demand any such margin payments in federal funds in accordance with its Procedures.

SCCP will continue to issue margin calls to any margin member when the margin requirement exceeds the "account equity," as defined in SCCP's Rules. SCCP may waive any amount that would trigger a margin call not exceeding \$500. Any failure to meet a margin call will subject such delinquent margin member to SCCP's rules governing disciplinary proceedings and penalties as well as to the late penalties specified in SCCP rules. SCCP can cease to act for such delinquent margin members and can retain a lien on all such margin members' accounts and securities therein.

SCCP will continue to maintain records on each individual margin account. SCCP will continue to maintain the Omnibus Clearance and Settlement Account at NSCC to reflect all positions in SCCP's margin accounts. SCCP will continue to guarantee the settlement obligations of the Omnibus Clearance and Settlement Account to NSCC. In turn, pursuant to the Agreement, Phlx would continue to guarantee SCCP's obligations to NSCC.

SCCP's books and records for the Omnibus Clearance and Settlement Account will continue to reflect all activity that occurs in such account at NSCC. At any time prior to midnight Philadelphia time on the next business day after SCCP receives a margin

³ Securities Exchange Act Release No. 39444 (December 11, 1997), 62 FR 66703 (December 19, 1997) (SR-DTC-97-16, SR-NSCC-97-08, SR-Philadep-97-04, SR-SCCP-97-04). At that time, the Commission stated that, "However, because a part of SCCP's proposed rule change concerns the restructuring of SCCP's operations to enable SCCP to offer limited clearing and settlement services to certain Phlx members, the Commission finds that it is appropriate to grant only temporary approval to the portion of SCCP's proposed rule change that amends SCCP's By-Laws, Rules, or Procedures. This will allow the Commission and SCCP to see how well SCCP's restructured operations are functioning under actual working conditions and to determine whether any adjustments are necessary. Thus, the Commission is approving the portion of SCCP's proposal that amends its By-Laws, Rules and Procedures through December 31, 1998."

⁴ Securities Exchange Act Release Nos. 40872 (December 31, 1998), 64 FR 1264 (January 8, 1999) (SR-SCCP-98-05); 42320 (January 6, 2000), 65 FR 2218 (January 13, 2000) (SR-SCCP-99-04); 43781 (December 28, 2000), 66 FR 1167 (January 5, 2001) (SR-SCCP-00-05); 45227 (January 3, 2002), 67 FR 1259 (January 9, 2002) (SR-SCCP-2001-11); and 47016 (December 17, 2000), 67 FR 78556 (December 24, 2002) (SR-SCCP-2001-12).

⁵ SCCP will continue to offer margin services only to: (1) PHLX equity specialists for their specialists and alternative specialists transactions, as well as for their propriety transactions in securities for which they are appointed as specialists or alternative specialists and (2) PHLX members listed on a schedule that are not PHLX equity specialists for their propriety transactions. Under the Agreement, SCCP may add other PHLX members to the schedule subject to NSCC's approval.

² The Commission has modified parts of these statements.

member's trade, SCCP will continue to be entitled to reverse the trade from the member's account. SCCP would continue to settle the Omnibus Clearance and Settlement Account with NSCC each business day in accordance with NSCC's Rules and Procedures. Accordingly, SCCP would continue to be subject to NSCC's Rules.

Through the Omnibus Clearance and Settlement Account, SCCP will continue to have one composite settlement per day with NSCC. SCCP will maintain line of credit ("LOC") arrangements with one or more commercial banks sufficient to support anticipated funding needs of the underlying margin accounts.

To ensure that margin members have an efficient way to obtain securities depository services after the closure of Philadep's depository service, SCCP opened a NSCC-sponsored depository account at DTC. In the event that margin members effect trades in securities not eligible for custodial services in DTC's book-entry system, SCCP would continue to utilize the Direct Clearing Service to settle these transactions. SCCP would continue to perform bookkeeping and reconciliation services for the Omnibus Clearance and Settlement Account and its related DTC custody account pursuant to SCCP Procedures.

Clearly SCCP, as a NSCC clearing member and NSCC sponsored participant of DTC, will continue to be required to provide NSCC with clearing fund contributions.

SCCP will continue to apply a fixed \$35,000 contribution for the specialist margin account and non-specialist margin account categories and a contribution of \$10,000 to \$75,000 for RIO accounts, depending upon monthly trading activity. Participants engaging in more than one account type activity will continue to be subject only to the formula that would generate the highest contribution.

SCCP believes permanent approval of SCCP's restructured and limited clearance and settlement services is consistent with the requirements of the Act and the rules and regulations thereunder and in particular with Section 17A(b)(3)(F) which requires that a clearing agency be organized and its rules be designed, among other things, to promote the prompt and accurate clearance and settlement of securities transactions, to safeguard funds and securities in its possession and control, and to remove impediments to perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions. SCCP believes that permanent approval

of SCCP's restructured business should promote the prompt and accurate clearance and settlement of securities transactions by integrating and consolidating clearing services available to the industry; further, it should assure the safeguarding of securities and funds in the custody or control of SCCP or for which SCCP is responsible.

(B) Self-Regulatory Organization's Statement on Burden on Competition

SCCP does not believe that the proposed rule change will impose any inappropriate burden on competition.

(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 thirty-five 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 ninety 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 SCCP 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. 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-SCCP-2003-04. This file number should be included on the subject line if e-mail is used. To help us process and review 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 in the Commission's Public Reference Section, 450 Fifth Street, NW, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of SCCP.

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

Margaret H. McFarland,

Deputy Secretary.

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SOCIAL SECURITY ADMINISTRATION

Agency Information Collection Activities: Proposed Request and Comment Request

The Social Security Administration (SSA) publishes a list of information collection packages that will require clearance by the Office of Management and Budget (OMB) in compliance with Public Law 104-13, the Paperwork Reduction Act of 1995, effective October 1, 1995. The information collection packages that may be included in this notice are for new information collections, approval of existing information collections, revisions to OMB-approved information collections, and extensions (no change) of OMB-approved information collections.

SSA is soliciting comments on the accuracy of the agency's burden estimate; the need for the information; its practical utility; ways to enhance its quality, utility, and clarity; and on ways to minimize burden on respondents, including the use of automated collection techniques or other forms of information technology. Written comments and recommendations regarding the information collection(s) should be submitted to the OMB Desk Officer and the SSA Reports Clearance Officer. The information can be mailed and/or faxed to the individuals at the addresses and fax numbers listed below:

(OMB) Office of Management and Budget, Attn: Desk Officer for SSA, New Executive Building, Room 10235, 725 17th St., NW., Washington, DC 20503, Fax: 202-395-6974.

(SSA) Social Security Administration, DCFAM, Attn: Reports Clearance Officer, 1338 Annex Building, 6401

⁶ 17 CFR 200.30-3(a)(12).