

link offered to members when EMCC began operations has largely been supplanted by communications via the SWIFT network or via direct communication using MQ protocol.

EMCC currently incurs data processing costs attributable to accepting data in the Match-EM format and receiving transmissions via the Datatrack/Autoroute communications network. EMCC does not believe that it is appropriate to absorb these costs and that these costs should be paid by those members who continue to use these services. Accordingly, EMCC has determined to charge those members who, from and after July 1, 2001, continue to use the Match-EM format and/or the Datatrack/Autoroute communications network a fee equal to EMCC's cost of providing such data processing services on a proportionate pass-through basis based upon a formula that takes into account transaction volumes and the number of participants utilizing the services. EMCC estimates these costs to be approximately \$30,000 per year for using the Match-EM format and approximately \$90,000 per year for using the Datatrack/Autoroute network. Thus, the maximum annual charge a member would have responsibility for, if it were the last member using both services, is \$120,000.

EMCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder since it provides for the equitable allocation of dues, fees, and other charges among EMCC's participants.

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

EMCC does not believe that the proposed rule change will have an impact on or impose a burden on competition.

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

No written comments relating to the proposed rule change have been solicited or received. EMCC will notify the Commission of any written comments received by EMCC.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-

4(2)⁴ thereunder because the proposed rule change establishes a fee. At any time within sixty days of the filing of such 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 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 rule proposal that are filed with the Commission, and all written communications relating to the rule proposal 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 in Washington, DC. Copies of such filing will also be available for inspection and copying at EMCC's principal office. All submissions should refer to file No. SR-EMCC-2001-01 and should be submitted by August 27, 2001.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44620; File No. SR-GSCC-2001-07]

Self-Regulatory Organizations; Government Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Imposing a Fee on Members That Fail To Submit Their Transaction Data Within One Hour of Trade Execution

July 30, 2001.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934

("Act"),¹ notice is hereby given that on June 11, 2001, the Government Securities Clearing Corporation ("GSCC") 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 GSCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

To encourage use of its Real-Time Trade Matching ("RTTM") service, GSCC is proposing to impose a fee on members that do not submit their trade data within one hour of trade execution. Specifically, if a member does not submit all of the transactions in its account within one hour of trade execution, at the end of each month GSCC will charge 5 cents per side of a transaction other than a repo transaction or per repo transaction for each transaction in the account.

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

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

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

During the latter part of 2000, GSCC implemented an interactive messaging facility for GSCC-eligible securities transactions. This facility has provided members with the ready ability to submit trade input on an automated basis to GSCC intraday as trades are executed. The facility will allow GSCC to establish an RTTM service which will provide straight-through processing by allowing for the prompt and easy identification and resolution of trades intraday to achieve 100 percent comparison. GSCC believes that interactive messaging and RTTM

¹ 15 U.S.C. 78s(b)(1).

² The Commission has modified the text of the summaries prepared by GSCC.

³ 15 U.S.C. 78s(b)(3)(A)(ii)

⁴ 17 C.F.R. 240.19b-4(f)(2).

⁵ 17 CFR 200.30-3(a)(12)

processing are critical steps in helping reduce risk by ensuring that more transactions are compared earlier in the day and then promptly netted and guaranteed through GSCC so that intraday exposure to counterparties is minimized.

While GSCC has continued to support its existing batch input and output facilities, it plans to discourage the use of and eventually stop supporting these older formats because the move to interactive messaging is so essential.³ As an initial step to encourage members to submit their transaction data closer to the time of trade execution, GSCC is proposing to impose a fee on members that do not submit their trade data within one hour of trade execution. Specifically, effective July 1, 2001, if a member does not submit all of the transactions in its account within one hour of trade execution, at the end of each month GSCC will charge 5 cents per side of a transaction other than a repo transaction or per repo transaction for each transaction in the account. Members can avoid the fee if they submit all of their transactions through their account: (i) Interactively as transactions occur using SWIFT-based messages, (ii) via a terminal within one hour of execution, or (iii) in multiple batch format within one hour of execution. GSCC has reserved the right to waive the charges for a particular month if GSCC determines, in its sole discretion, that a portion of a member's transactions were not submitted within one hour of trade execution because of a nonrecurring operational problem. The proposed fee is designed to encourage members to make the development investment necessary to join the RTTM service. This fee will be reviewed periodically by GSCC and may be increased if it is determined that it does not provide sufficient incentive for members to submit trade data on a timelier basis.

GSCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act⁴ and the rules and regulations thereunder applicable to GSCC because it involves a change to GSCC's fee structure that will encourage members to move to interactive processing and

thereby allow them to achieve important risk management benefits.

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

GSCC does not believe that the proposed rule change will have any impact or impose any burden on competition.

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

Written comments relating to the proposed rule change have not yet been solicited or received. GSCC will notify the Commission of any written comments received by GSCC.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii)⁵ of the Act and Rule 19b-4(f)(2)⁶ promulgated thereunder because the proposal establishes or changes a due, fee, or other charge imposed by GSCC. At any time within sixty days of the filing of such 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 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 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 GSCC. All submissions should refer to File No. SR-GSCC-2001-07 and should be submitted by August 27, 2001.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44612; File No. SR-ISE-2001-19]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the International Securities Exchange LLC Relating to Facilitation of Customer Orders

July 27, 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 May 30, 2001, the International Securities Exchange LLC ("ISE" 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 ISE is proposing to amend its rule regarding the facilitation of customer orders to reduce the order exposure time from 30 to five seconds.

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 ISE 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 Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

³ In addition, other areas of the fixed-income industry are also moving to interactive messaging and RTTM. GSCC is currently in the process of developing RTTM services for mortgage-backed securities jointly with the MBS Clearing Corporation. Further, GSCC has begun working with The Depository Trust & Clearing Corporation to provide interactive messaging and a centralized RTTM service for other fixed-income products, including corporate and municipal bonds.

⁴ 15 U.S.C. 78q-1.

⁵ 15 U.S.C. 78s(b)(3)(A)(ii).

⁶ 17 CFR 240.19b-4(f)(2).

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.