

Securities Exchange Act of 1934, as amended ("Act"). This Plan supersedes and replaces the Exchange's Fingerprint Plan approved by the Securities and Exchange Commission ("Commission"), on a permanent basis, on December 23, 1976 by Release No. 34-13105.

The purpose of this Plan is to facilitate compliance by members<sup>10</sup> of the Exchange with section 17(f)(2) of the Act and Rule 17f-2 thereunder by providing a facility for the fingerprints of individual partners, directors, officers and employees of Exchange members to be submitted to the Attorney General of the United States ("Attorney General") and processed electronically.

The Exchange has established an arrangement with the National Association of Securities Dealers, Inc. ("NASD") to permit all individuals that must be registered with, or approved by, the Exchange ("registered persons") to be electronically registered with the Exchange through the NASD's Web Central Registration Depository system ("Web CRD").<sup>11</sup> The Web CRD is a Web-based system that provides broker-dealers and their associated persons with "one-stop filing" with the Commission, NASD and other self-regulatory organizations and regulators. The Web CRD is operated by NASD and is used by participating regulators in connection with registering and licensing broker-dealers and their associated persons.

In connection with this registration process, persons seeking registration with the Exchange will submit their fingerprints to NASD. NASD will process these fingerprints and submit them to the Attorney General. The Attorney General will provide NASD with fingerprint processing results for the persons seeking registration, and the results will be provided to the members via Web CRD. NASD will notify the Exchange if the fingerprint processing results received by NASD for one of these registered persons contains information that would subject the person to a statutory disqualification. In such an instance, the Exchange will review the fingerprint processing results to determine the possible existence of a statutory disqualification as defined in Section 6(c) of the Act, and will take appropriate action, if necessary, concerning eligibility or continued eligibility of the individual for employment or association with an Exchange member. Copies of fingerprint processing results made available by NASD with respect to fingerprints submitted by the Exchange pursuant to this Plan will be maintained by the Exchange in accordance with the Exchange's Record Retention Plan on file with the Commission. Any maintenance of fingerprint records by the Exchange shall be for the Exchange's own administrative purposes, and the Exchange is not undertaking to maintain fingerprint records on behalf of Exchange members pursuant to Rule 17f-2(d)(2).

The Exchange will advise Exchange members and Exchange member applicants of the availability of fingerprint services and

<sup>10</sup> As used herein, the term "member" shall have the same meaning as set forth in section 3(a)(3)(A) of the Securities Exchange Act of 1934.

<sup>11</sup> See Exchange Rules 340, 341 and 359, as amended.

any fees charged by the Exchange and NASD in connection with those services and the processing of fingerprints pursuant to this Plan. The Exchange shall file any such Exchange fees with the Commission pursuant to section 19(b)(3)(A) of the Act.

The Exchange shall not be liable for losses or damages of any kind in connection with the fingerprinting services, as a result of a failure to follow, or properly to follow, the procedures described above, or as a result of lost or delayed fingerprint cards, fingerprint records, or fingerprint processing results, or as a result of any action by the Exchange or the Exchange's failure to take action in connection with this Plan.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48076; File No. SR-CHX-2003-15]

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Stock Exchange, Incorporated To Amend the Membership Dues and Fees Schedule To Increase the Specialist Tape Credits for Certain Trades in Tape A and Tape B Securities

June 23, 2003.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 2, 2003, the Chicago Stock Exchange, Incorporated ("CHX" 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 CHX proposes to amend its membership dues and fees schedule ("Schedule"), effective May 1, 2003, to increase the specialist tape credits for certain trades in Tape A and Tape B securities. The text of the proposed rule change is available at the Commission and at the CHX.

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

#### 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 Exchange 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 Exchange proposes to amend the Schedule, effective May 1, 2003, by increasing the specialist tape credits available for certain trades in Tape A and Tape B securities.<sup>3</sup> Specifically, in any month that the CHX's aggregate share of Tape A or Tape B trade volume exceeds the CHX's aggregate share of Tape A or Tape B trade volume for the first quarter of the year 2003, the Exchange intends to distribute 50% of the tape revenue received by the Exchange resulting from that increased share of Tape A or Tape B trade volume ("Additional Revenue").<sup>4</sup> The Exchange plans to distribute this Additional Revenue to specialist firms in proportion to each firm's share of that month's incremental growth in Tape A or Tape B trade volume. This tape credit program is designed to provide additional credits to the specialist firms that increase the Exchange's market share in Tape A and Tape B securities.

###### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange and, in particular, with the requirements of Section 6(b)(4),<sup>5</sup> in that it provides for the equitable allocation

<sup>3</sup> Tape A securities are securities reported on Tape A of the Consolidated Tape Association. Tape B securities are securities reported on Tape B of the Consolidated Tape Association.

<sup>4</sup> These distributions would be made from a month's Additional Revenue after subtracting all direct CTA costs and the Transaction Credits otherwise payable for the increased trade volume. At no time would any specialist firm receive credits, relating to trades in Tape B securities, which exceed 50% of the market data revenue received by the Exchange with respect to trades in those securities.

<sup>5</sup> 15 U.S.C. 78f(b)(4).

of reasonable dues, fees and other charges among its members.

#### *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*

No written comments were either solicited or 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 CHX consents, the Commission will:

(A) By order approve the proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

### **IV. Solicitation of Comments**

On July 2, 2002, the Commission issued an Order abrogating certain proposed rule changes relating to market data revenue sharing programs.<sup>6</sup> In that Order, the Commission expressed concern that the subject proposed rule changes raised "serious questions as to whether they are consistent with the Act and with the protection of investors." Specifically, the Commission questioned the effect of market data rebates on the accuracy of market data, and on the regulatory functions of self-regulatory organizations.

The Commission now solicits comment on the CHX's proposed rule change, and in general, on (1) market data fees; (2) the collection of market data fees; (3) the distribution of market data rebates; (4) the effect of market data revenue sharing programs on the accuracy of market data; and (5) the impact of market data revenue sharing programs on the regulatory functions of self-regulatory organizations.

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 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 at the Commission's Public Reference Room. Copies of such filings will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-CHX-2003-15 and should be submitted by July 21, 2003.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-48081; File No. SR-EMCC-2003-02]

### **Self-Regulatory Organizations; Emerging Markets Clearing Corporation; Notice of Filing of a Proposed Rule Change Modifying the Clearing Fund Calculation**

June 24, 2003.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on May 8, 2003, Emerging Markets Clearing Corporation ("EMCC") filed with the Securities and Exchange Commission ("Commission") and on June 2, 2003, and June 5, 2003, amended the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by EMCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

<sup>7</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

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

The proposed rule change would modify the way in which EMCC calculates its members' clearing fund requirements.

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

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

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

One of the purposes of the proposed rule change is to modify the clearing fund deposit requirement for certain EMCC members. The proposed change would add Addendum I to EMCC's rules that would establish a fixed amount of \$50 million to be deposited by members who are Inter-Dealer Brokers ("IDBs") or whose only business with EMCC is to clear for IDBs. EMCC would continue to calculate the clearing fund requirements for each of these members. To the extent that the calculated amount exceeds the fixed amount for any day, the difference would be required to be paid by the other EMCC members pro-rata based on their average clearing fund requirements over the previous 30 calendar day period. The calculated amount, however, would continue to be used by EMCC for the purpose of determining pro-rata loss obligations of any member whose deposit is fixed at \$50 million, and the different amounts paid by other members would not be included in determining their pro-rata loss obligations.

The function of an IDB is to bring together principals in transactions on a matched anonymous basis while taking no principal risk themselves. If every dealer who interacted with an IDB were a member of EMCC, the IDB or its clearing firm would have to deposit only a minimal clearing fund amount. To the extent that one side of an IDB trade is not an EMCC member, the clearing fund requirements for the IDB

<sup>2</sup> The Commission has modified parts of these statements.

<sup>6</sup> Securities Exchange Act Release No. 46159 (July 2, 2002), 67 FR 45775 (July 10, 2002) (File Nos. SR-NASD-2002-61, SR-NASD-2002-68, SR-CSE-2002-06, and SR-PCX-2002-37) (Order of Summary Abrogation).