

that are contained in the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act) Act<sup>5</sup> prior to submitting a transaction for processing through FICC's systems. Members cannot use FICC's system in furtherance of violation of any laws.

## 2. Electronic Signatures

The proposed rule change will also allow FICC to update its rules with respect to acceptable forms of signatures. Currently, GSD Rule 32 permits GSD to accept documents from members that have been executed using mechanically reproduced facsimile signatures. The proposed rule change modernizes Rule 32 to permit GSD at its option to accept other forms of signatures, such as electronic signatures, in lieu of original signatures.

The MBSD does not currently have a provision regarding acceptable forms of signatures in its rules. This filing adds Article V, Rule 16 to MBSD's clearing rulebook and Article X, Rule 15 to the EPN rulebook. The new language will mirror the language in GSD Rule 32.

## 3. Non-Eligibility of Certain Securities

The proposed rule change will also allow FICC to amend its definition of "eligible security" to make clear that any security of an issuer that either is listed on the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") issuer list or is incorporated in a country that is on the OFAC list of pariah countries cannot be an eligible security for purposes of FICC's rules.<sup>6</sup>

The proposed rule change is consistent with Section 17A(b)(3)(F) of the Act<sup>7</sup> and the rules and regulations thereunder because it will allow FICC to enhance compliance with applicable laws, thereby reducing risk, and to modernize its rules.

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

FICC 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*

Written comments relating to the proposed rule change have not yet been

solicited or received. FICC will notify the Commission of any written comments received by FICC.

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

The foregoing rule change took effect upon filing pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>8</sup> and Rule 19b-4(f)(4)<sup>9</sup> thereunder because the proposal effected a change in an existing service of FICC that (i) does not adversely affect the safeguarding of securities or funds in FICC's custody or control or for which it was responsible and (ii) does not significantly affect the respective rights or obligations of FICC or persons using the service. At any time within sixty days of the filing of such rule change, the Commission could have summarily abrogated such rule change if it appeared to the Commission that such action was 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. Comments may also be submitted electronically at the following e-mail address: [rule-comments@sec.gov](mailto:rule-comments@sec.gov). All comment letters should refer to File No. SR-FICC-2003-12. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, comments should be sent in either 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 20549-0609. Copies of

such filing also will be available for inspection and copying at the principal office of FICC. Copies of the proposed rule change and all subsequent amendments are also available at [www.ficc.com](http://www.ficc.com). All submissions should refer to File No. SR-FICC-2003-12 and should be submitted by March 23, 2004.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-49316; File No. SR-FICC-2003-11]

### **Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Notification Obligations**

February 24, 2004.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on October 30, 2003, the Fixed Income Clearing Corporation ("FICC") 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 FICC. On October 30, 2003, FICC also filed an amendment to the proposed rule change. 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**

The proposed rule change will modify the rules of FICC's Government Securities Division ("GSD") and the Mortgage-Backed Securities Division ("MBSD") so that notices disseminated to members in an electronic format will satisfy each Division's notification obligations.

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

In its filing with the Commission, FICC included statements concerning the purpose of and basis for the proposed rule change and discussed any

<sup>5</sup> 15 U.S.C. 7001-7006, 7021, and 7031 (2000).

<sup>6</sup> The affected rules are GSD Rule 1; MBSD, clearing rulebook, Rule 1; and MBSD, EPN rulebook, Article VI, Rule 2.

<sup>7</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>9</sup> 17 CFR 240.19b-4(f)(4).

<sup>10</sup> 17 CFR 200.30-3(a)(12).

<sup>11</sup> 15 U.S.C. 78s(b)(1).

comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. FICC 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*

Currently, GSD's rules require Important Notices to be delivered to members in hard copy format via U.S. mail, facsimile, or by hand delivery only when specifically requested in writing by a member. MBSD's rules do not currently provide for a specific method of delivering Important Notices to members.

FICC believes that delivering Important Notices by e-mail is an effective and timely method of communicating important information to members. FICC now proposes to change the GSD's and MBSD's rules in an identical manner so that GSD and MBSD have explicit authority to do so.

In addition to the above, FICC proposes to amend GSD's rules to (i) eliminate the provision that allows members to request hand delivery of Important Notices and (ii) permit delivery of notices to members by posting the notices on FICC's Web site and have these postings satisfy FICC's notification obligations. FICC believes that given the other methods of providing notices, hand delivery is no less optimal because it is a burdensome process for both FICC and members. No FICC member has requested hand-delivery of Important Notices. Members will be able to readily access all FICC important notices by accessing FICC's Web site at <http://www.ficc.com>.

FICC believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder because it will facilitate the timely dissemination of information necessary for participation in FICC's services.

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

FICC 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*

FICC has not solicited or received written comments relating to the proposed rule change. FICC will notify the Commission of any written comments it receives.

**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)(iii) of the Act<sup>3</sup> and Rule 19b-4(f)(3)<sup>4</sup> thereunder because it is concerned solely with the administration of FICC. At any time within 60 days of the filing of such proposed rule change, the Commission could have summarily abrogated such rule change if it appeared to the Commission that such action was 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 5th Street NW., Washington, DC 20549-0069. Comments may also be submitted electronically at the following e-mail address: [rule-comments@sec.gov](mailto:rule-comments@sec.gov). All comment letters should refer to File No. SR-FICC-2003-11. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your 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 rule filing that are filed with the Commission, and all written communications relating to the rule filing between the Commission and any person, other than those that may be withheld from the public in accordance with 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 FICC's principal office and on FICC's Web site

at <http://www.ficc.com/gov/gov.docs.jsp?NS-query=>. All submissions should refer to File No. SR-FICC-2003-11 and should be submitted by March 23, 2004.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

**Margaret H. McFarland,**  
*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-49314; File Nos. SR-NYSE-2004-03; SR-NASD-2004-020]

**Self-Regulatory Organizations; Notice of Filing of Proposed Rule Changes by the New York Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Relating to Certain Prerequisites to and Exemptions From Taking the Research Analyst Qualification Examination ("Series 86/87")**

February 24, 2004.

Pursuant to section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the "Act" or "Exchange Act"), and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on January 30, 2004, the New York Stock Exchange, Inc. ("NYSE" or the "Exchange"), and on February 3, 2004, the National Association of Securities Dealers, Inc. ("NASD"), filed with the Securities and Exchange Commission ("SEC" or the "Commission") the proposed rule changes as described in Items I, II, and III below, which Items have been prepared by the respective self-regulatory organizations ("SROs"). The Commission is publishing this notice to solicit comments on the proposed rule changes from interested persons.

**I. Self-Regulatory Organizations' Statements of the Terms of Substance of the Proposed Rule Changes**

The NYSE is proposing an interpretation to NYSE Rule 344 to establish certain prerequisites to, and exemptions from, taking the Research Analyst Qualification Examination ("Series 86/87").

NASD is proposing to amend NASD Rule 1050 to set forth certain prerequisites and exemptions for the requirement that all associated persons who function as research analysts be registered with NASD and pass a

<sup>2</sup> The Commission has modified the text of the summaries prepared by FICC.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 200.19b-4(f)(3)(iii).

<sup>5</sup> 17 CFR 200.30-3(a)(12).

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

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