

individual series. Finally, the Commission believes the proposed modification of the priority rules for complex orders is consistent with the Act.

#### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>9</sup> that the proposed rule change (SR-CBOE-2008-03) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

**Florence E. Harmon,**  
Deputy Secretary.

[FR Doc. E8-6787 Filed 4-1-08; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-57573; File Nos. SR-DTC-2007-14 and SR-NSCC-2007-14]

### Self-Regulatory Organizations; The Depository Trust Company and National Securities Clearing Corporation; Notice of Filing of Proposed Rule Changes, as Amended, To Provide for the Settlement of Institutional Transactions in Conjunction With Each Other Through a Service Called ID Net

March 27, 2008.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on October 15, 2007, The Depository Trust Company ("DTC") and the National Securities Clearing Corporation ("NSCC") each filed with the Securities and Exchange Commission ("Commission") and on December 20, 2007, and on February 25, 2008, each amended their proposed rule changes as described in Items I, II, and III below, which items have been prepared by DTC and NSCC. The Commission is publishing this notice to solicit comments on the proposed rule changes from interested parties.

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

DTC and NSCC are seeking to amend their Rules to provide a new service, "ID Net Service," which will establish settlement netting functionalities for institutional transactions by leveraging the netting and settlement capabilities of NSCC with the existing processing capabilities of DTC.

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

In its filing with the Commission, DTC and NSCC included statements concerning the purpose of and basis for the proposed rule changes and discussed any comments it received on the proposed rule changes. The text of these statements may be examined at the places specified in Item IV below. DTC and NSCC have prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.<sup>2</sup>

##### A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Changes

###### 1. Background

Unlike exchange trades and most prime broker trades, most institutional delivery ("ID") transactions do not currently flow through NSCC's Continuous Net Settlement system ("CNS").<sup>3</sup> Rather, these institutional transactions are processed and settled at DTC. The ID Net Service will allow subscribers to the service to net all eligible affirmed institutional transactions at DTC against their CNS transactions at NSCC.

The ID Net Service will accept affirmed institutional transactions that are eligible for the ID Net Service from clearing agencies registered pursuant to Section 17A of the Act, other entities (such as Omgeo Matching Services—US LLC) which have obtained an exemption from clearing agency registration from the Commission, and Qualified Vendors, as defined in the rules of the New York Stock Exchange, the National Association of Securities Dealers, or other self-regulatory organizations (entities with exemptions from clearing agency registration or Qualified Vendor are collectively referred to as "Affirming Agencies"), and net the broker-dealer side of such transaction with the broker-dealer's CNS obligations.

Eligibility for the ID Net Service will require that a broker-dealer be an NSCC Member eligible for CNS processing and a DTC Participant ("ID Net Firm") and that a bank be a DTC Participant ("ID Net Bank") (collectively "ID Net

Subscribers"). In addition, eligibility for ID Net Service processing will be based on the underlying security being processed, the type of transaction submitted for processing, and the timing of affirmation. Participation in the ID Net Service will be voluntary and will be governed by the rules and procedures applicable to the ID Net Service as described below. All ID Net Subscribers will be required to enter into separate ID Net Subscriber agreements with NSCC and/or DTC, as applicable, governing their use of the ID Net Service.

###### 2. Current Processing

A typical ID transaction is currently processed as follows. An Investment Manager, acting on behalf of its Institutional client, executes a transaction with Firm A. The Investment Manager, or a Custodian acting on its behalf, and Firm A submit the transaction data to an Affirming Agency (for example, Omgeo) for confirmation/affirmation. Once affirmed, the Affirming Agency's automated systems transmit settlement instructions for the matched transaction to DTC's Inventory Management System ("IMS") to be processed. These ID transactions are not netted, rather they are settled on a trade-for-trade basis at DTC.

###### 3. Proposed Service

In order to extend netting benefits and efficiencies to institutional transactions, NSCC will extend its clearance and settlement functionalities to net the broker-dealer's side of institutional transactions with the broker-dealer's broker-to-broker activity that is eligible for processing through NSCC's CNS service.

Most equity securities that are currently eligible for CNS processing will be eligible for ID Net Service processing. However, ID Net Services will initially exclude the following: (1) Corporate and municipal bonds and unit investment trust issues; (2) new issue securities in their first day of IPO trading; (3) securities that are IPO tracked since the use of omnibus accounts would bypass the tracking system; (4) trades in issues that are currently undergoing a mandatory or voluntary reorganization; (5) trades in securities with a CNS buy-in; and (6) trades in securities appearing on the Commission's Regulation SHO list.<sup>4</sup>

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

<sup>3</sup> NSCC's CNS is an automated accounting and securities settlement system that centralizes and nets the settlement of compared and recorded securities transactions and maintains an orderly flow of security and money balances. CNS provides clearance for equities, corporate bonds, unit investment trusts, and municipal bonds that are eligible for book-entry transfer at DTC.

<sup>4</sup> NSCC has determined that certain security types may have a relatively high rate of delivery failure or may disrupt normal processing of transactions in the ID Net Service. Such securities will initially be excluded from the service; however, as experience

Continued

<sup>9</sup> 15 U.S.C. 78s(b)(2).

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

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

To facilitate the processing of ID Net Service transactions, two new securities accounts will be established by NSCC at DTC on behalf of all ID Net Firms that have elected to use ID Net Service—the “ID Netting Subscriber Deliver Account” and the “ID Netting Subscriber Receive Account” (collectively referred to as the “ID Netting Subscriber Accounts”). NSCC will be the owner of both accounts and will act as agent for the ID Net Firms. NSCC will process ID Net Service transactions through these accounts on behalf of participating ID Net Firms. While NSCC will direct transactions through these accounts on behalf of the ID Net Firms, the ID Net Firms, not NSCC, will be responsible for satisfying applicable DTC risk management controls and Participant Fund requirements for their activity in the ID Netting Subscriber Accounts.

The ID Netting Subscriber Deliver Account will be maintained for all ID Net Firms receiving ID Net Eligible Securities from an ID Net Bank. The ID Netting Member Receive Account will be maintained for all ID Net Firms receiving ID Net Eligible Securities from CNS that are bound for delivery by that ID Net Firm to an ID Net Bank.<sup>5</sup>

With the establishment of these two new ID Netting accounts, ID Net Service transactions will be processed as follows. Upon affirmation, the Affirming Agency will check that the transaction is eligible for ID Net Service processing. If the transaction qualifies, the Affirming Agency prior to submitting that affirmed transaction to IMS will flag the transaction by populating the delivery instructions third party field with the account number of the ID Netting Subscriber.

IMS will facilitate the delivery of the securities, subject to DTC's risk management controls, to the ID Netting Subscriber Deliver Account. On the night of trade date plus two (“T+2”), the ID Net Firm's CNS position, if any, will be updated for the quantity and value of the ID Net Service transaction and an open obligation in the ID Netting Subscriber Deliver Account will be created.

For transactions in which the ID Net Firm is delivering securities to an ID Net Bank, on the night of T+2, the ID Net

Firm's CNS position, if any, will be updated for the quantity and value of the ID Net Service transaction and an open obligation in the ID Netting Subscriber Receive Account will be created. Once the securities are credited to the ID Netting Subscriber Receive Account, the securities will be delivered, subject to DTC's Risk Management controls, to the ID Net Bank's account.

ID Net Service transactions not completed for any reason, including due to a party's failure to deliver or pass DTC's risk management controls, by 11:30 a.m. on settlement date will be “dropped” from ID Net Service and instead will be settled trade-for-trade between the original counterparties at DTC as if the transaction had not been included in the ID Net Service.

#### 4. Eligibility Requirements

Eligibility is based on the participants, the underlying security, the type of trade, and the timing of the affirmation as follows: (1) The broker-dealer must be both an NSCC Member and a DTC Participant; (2) The custodian bank must be a DTC Participant; (3) The broker-dealer and the custodian bank must both elect to participate in the ID Net Service; and (4) The security must be an equity security eligible for CNS. The following securities will not be eligible for the ID Net Service: (1) Corporate and municipal bonds; (2) unit investment trust issues; (3) new issue securities in their first day of trading; (4) securities that are IPO tracked since the use of omnibus accounts would bypass the tracking system; (5) securities that are undergoing a mandatory or voluntary reorganization; (6) securities with a pending CNS buy-in; and (7) Regulation SHO securities.<sup>6</sup> The trade must be affirmed before 9 p.m. on trade date plus one (“T+1”), and the trade must be “regular-way” (*i.e.*, scheduled for T+3 settlement).

After a transaction has been affirmed and deemed eligible for the ID Net Service, DTC will monitor the ID Net Service transaction's eligibility up until approximately 8 p.m. on the night of T+2. If the transaction becomes ineligible for any reason, the transaction will be exited from the ID Net Service processing and will be settled on a trade-for-trade basis between the ID Net Firm and the ID Net Bank outside of the ID Net Service at DTC.

#### 5. Settlement

Upon receipt of the affirmation of an eligible trade from the Affirming

Agency, DTC's IMS System will automate the following: (1) For bank deliveries, IMS will move the “original clearing broker” from the “receiver's field” to the “third party field” of the ID delivery instruction and will replace it with a with the ID Netting Subscriber Delivery Account and (2) For bank receives, IMS will move the “original clearing broker” from the “deliverer's field” to the “third party field” of the ID delivery instruction and will replace it with the ID Netting Subscriber Receive Account.

Custodian banks will still be able to exempt or authorize ID deliveries in IMS before the night cycle as they do today; and trades that are eligible for ID Net Service but which are still in a pending state by 11:30 a.m. on settlement date will revert to trade-for-trade settlement versus the original clearing participant and will not settle as part of ID Net Service. Accordingly, if the bank subsequently authorizes the delivery, it will be sent to the original clearing broker instead of to the ID Netting Subscriber Deliver Account.

ID Net Firms will still be able to exempt or cancel an ID delivery in IMS as they do today, but they will be limited to instructions transmitted through DTC's Participant Terminal Service and Participant Browser Service (PTS/PBS) and only on a trade-by-trade basis. Deliveries from the ID Netting Subscriber Receive Account will be attempted in random order until approximately 10 a.m. on settlement date. After that time, the system will attempt to complete any of the deliveries up until 11:30 a.m. in settlement value order with highest value first. ID Net Service transactions not completed for any reason by 11:30 a.m. due to a party's failure to deliver or pass DTC risk controls on settlement date will be exited from the ID Net Service and instead will settle trade-for-trade versus the original clearing broker. Deliveries that do not complete will be available for immediate reintroduction from the original clearing broker's account through a new IMS function at 11:30 a.m. Brokers can then create a profile to have these deliveries await authorization or to be processed immediately.

If an ID Net Bank reclaims a transaction from the ID Netting Subscriber Receive Account, the reclaim will be processed against the applicable ID Net Firm and not against the ID Netting Subscriber Receive Account.

#### 6. DTC Risk Management Control Updates

In order to protect DTC from having a failure exported from NSCC, updates

with the service grows, the status of such securities may be reevaluated.

<sup>5</sup> ID Net Firms will not have the ability to direct transactions to either ID Netting Subscriber Account. All ID Net Firm positions in either the ID Netting Subscriber Deliver Account or the ID Netting Subscriber Receive Account will be recorded separately by NSCC and in no event will securities positions of one ID Net Firm be attributed to another ID Net Firm.

<sup>6</sup> *Supra* note 4.

to DTC's participants' net debit caps and collateral monitors will be necessary. A new ID Net Service collateral monitor and net debit cap balance will be recorded for each ID Net Firm. The ID Net Service collateral monitor will record the net balance of collateral generated for all transactions processed through the ID Net Service. If the balance of collateral generated by all ID Net Service receives and delivers is positive, the ID Net Firm's collateral monitor will not be increased by that amount. However, if an ID Net Service transaction requires collateral, the system will use the ID Net Service collateral surplus for that ID Net Firm before attempting to use other collateral from that ID Net Firm. If there is insufficient ID Net Service collateral for that broker, the system will look to the ID Net Firm's excess collateral in its account.

Similar to collateral, the system will create a new ID Net Service settlement balance for each ID Net Firm. When this balance is a net credit from deliveries on the ID Net Firm's behalf through the ID Netting Subscriber Receive Account, it will only be used to offset incoming ID Net Services receives to the ID Netting Subscriber Deliver Account. If there is an insufficient ID Net Service credit to absorb the debit of the ID Net Service delivery to the ID Netting Subscriber Deliver Account for the ID Net Firm, the system will create an ID Net Service debit that will effectively treat the ID Net Service debit as a reduction of the ID Net Firm's net debit cap. The ID Net Service debit will only be used for net debit cap calculation purposes and will not represent a participant's actual settlement balance.<sup>7</sup> If the broker has insufficient collateral or net debit cap, the transaction will pend until 11:30 am on settlement date.<sup>8</sup>

<sup>7</sup> Currently, brokers receive market value credit for deliveries to CNS if the security is received versus payment (RVP) or collateral value (collateral value is market value less the DTC haircut) if the delivery to CNS was from securities in their start of day position or received for free. With respect to the ID Net Service, the system will no longer identify if a delivery would have come from a broker's RVP securities or not, and as such, the system will assume the delivery would have come from a broker's start of day position.

Likewise, to the extent that ID Net Firms have a net credit for their ID deliveries today, an ID Net Firm's settlement balance is reduced. Since these credits will no longer be generated from the ID Net Firm's account, it may require the need to fund DTC intraday to prevent net debit cap blockage.

<sup>8</sup> As an example of how DTC risk controls would be applied to ID Net Subscribers, assume that Investment Manager A sells 10 shares of Common Stock X using ID Net Firm B (a broker). If B sells the shares on an exchange for \$20, and the trade is affirmed and the shares are delivered by A's Custodian Bank C, then C would receive a credit in DTC for \$20 and the ID Netting Subscriber

## 7. NSCC Clearing Fund Offset and Mark-to-Market

ID Net Service transactions will be used to offset the balance of any other CNS transactions and the "net" of those transactions will be used for purposes of determining NSCC Clearing Fund obligations pursuant to NSCC's current procedures with a revised mark-to-market calculation applicable to ID Net Firms. The revised mark-to-market calculation for ID Net Firms will be based on (x) the current CNS mark-to-market component (which will exclude ID Net transactions) and (y) a mark-to-market component calculated with respect to ID Net Service-related positions. However, any positive value derived from either (x) or (y) will be set to zero.<sup>9</sup>

Deliver Account (owned by NSCC as agent for B) would have a DTC debit of \$20. In this case, B's net debit cap would be reduced by \$20 and its collateral monitor is reduced by the net of the \$20 debit and the collateral value of the securities (e.g. with a 10 percent haircut the collateral value would be \$18), or \$2. When the ID Netting Subscriber Deliver Account delivers the shares to CNS, it receives a credit for \$20. This credit is offset with the DTC debit of \$20 at end-of-day. Additionally, assume A then buys 10 shares of Commons Stock Y through B at \$30. On the night of T+2, CNS will deliver the shares to the ID Netting Subscriber Receive Account and that account will be debited in CNS for \$30. C would then receive 10 shares of Y from the ID Netting Subscriber Receive Account. C receives a debit in DTC for \$30 and the ID Netting Subscriber Receive Account is credited at DTC for \$30. B's account has its DTC net debit cap increased by \$20 to offset the previous decrease of \$20 (for the sale of Common Stock X) (and not \$30 since the net of the ID Net receive relating to the sale of Common Stock X above of \$20 and the delivery of Common Stock Y for \$30 is a \$10 credit and B's net debit cap is decremented only when the net balance is a debit. C will not receive a net credit, but will receive an offset of previous ID Net debits with ID Net credits) and the same for its collateral monitor which is increased only up to the amount it was debited for ID Net transactions (absent its participation in the ID Net service, B would have received a \$3 credit to the collateral monitor which equals the net of the \$30 credit and the collateral value of the securities \$27 (\$30 market value less a 10% haircut)). In this case, B would only receive a collateral credit of \$2, but the ID Net credit balance of \$1 will be registered to absorb future ID Net receives that have a collateral deficiency. If C was at its net debit cap or collateral monitor limit due to other receives, the ID Net transaction would recycle or pend in the system until the deficiency could be satisfied or until 11:30 am, when it would drop out of ID Net.

<sup>9</sup> Similar to the existing CNS mark-to-market component, the new ID Net Service mark-to-market component applicable to ID Net Service transactions will equal the net of each day's difference between the contract price of the Member's net positions relating to ID Net Service activity and the current market price for such positions.

For example, if an ID Net Firm has a "regular" mark-to-market debit of \$500,000 and an ID Net Service mark-to-market debit of \$100,000, then these debits would be added together and the ID Net Firm's total mark-to-market obligation would equal a debit of \$600,000. However, if that same ID Net Firm's ID Net mark-to-market calculation results in a credit of \$100,000, then the value of that

## 8. Prioritization

In order to reduce the potential number and value of fails in the ID Net Service, deliveries from CNS to the ID Netting Subscriber Receive Account will be given a higher delivery priority pursuant to the allocation algorithm set forth in NSCC's Procedure VII (CNS Accounting Operation) than other CNS deliveries with the exception of buy-in deliveries, corporate action deliveries, and deliveries of component securities of index receipts.<sup>10</sup> NSCC is also modifying this Procedure to clarify that deliveries of the component securities for index receipts shall have the same priority as deliveries to the ID Netting Subscriber Receive Account.

Any ID Net transactions that cannot be completed will be exited from the ID Net Service and instead will settle trade-for-trade between the ID Net Firm and the ID Net Bank (the original counterparties) at DTC.

## 9. DTC Fees

ID Net Banks and ID Net Firms will be charged a reduced DTC ID Net Service fee of \$0.025 for each completed delivery and receive processed versus the ID delivery or receive fee of \$0.05. For deliveries that are exited from the ID Net Service, there will not be a "drop" fee charged. For ID Net Service deliveries cancelled by ID Net Firms from the ID Netting Subscriber Receive Account, the \$0.45 "pend cancel" fee will be charged. For ID Net Service deliveries to and from CNS on behalf of the ID Net Firms, no fee will be charged.

## 10. NSCC Rulebook Changes

Under the proposed rule change, a new Rule 65 and Procedure XVI (both titled "ID Net Service") will be added to NSCC's Rules, and additional conforming changes will be made elsewhere throughout NSCC's Rules to provide consistency with the new Rule 65. These additional changes include the following.

### (a) Rule 3 (Lists To Be Maintained)

A subsection will be added to Rule 3 to provide that NSCC will maintain a list of Eligible ID Net Securities and may

credit would be set to zero, and therefore the total mark-to-market would equal a debit \$500,000 (i.e., the amount of the broker's regular mark-to-market debit).

<sup>10</sup> Currently, institutional deliveries processed through the DTC system from ID Net Firms to banks may be prioritized by ID Net Firms through IMS and/or through exempting their deliveries to CNS in order to ensure that available inventory will be used for such deliveries. Including transactions in the proposed service allows for the "automation" of such prioritization through the CNS Accounting Operation.

from time to time add or delete applicable CNS Securities from the list.

(b) Procedure VII (CNS Accounting Operation)

Procedure VII will be revised to incorporate the processing of transactions in Eligible ID Net Securities into the CNS Accounting Operation. The revisions will also reflect: (i) That Members will not be able to exempt deliveries from an ID Netting Subscriber Account, (ii) the prioritization of ID Net Service deliveries and deliveries of the component securities of index receipts in the CNS allocation algorithm behind deliveries associated with reorganizations and buy-ins, and (iii) that ID Net Service transactions will be recorded on the Miscellaneous Activity Report on the night of T+2 and removals of such transactions from the ID Net Service will also be recorded on that report.

(c) Procedure XV (Clearing Fund Formula and Other Matters)

Procedure XV will be revised to indicate the exclusion of ID Net Service transactions from the ID offset process for the purposes of calculating the volatility component of a subscriber's Clearing Fund requirement. In addition language will be revised and added with respect to the calculation of mark-to-market to reflect the changes to the formula as described above.

DTC and NSCC believe that the proposed rule changes are consistent with the requirements of Section 17A of the Act<sup>11</sup> and the rules and regulations thereunder applicable to DTC and NSCC in that they promote the prompt and accurate clearance and settlement of securities transactions by leveraging the capabilities of the DTC and NSCC systems to provide for more streamlined securities deliveries and extend netting benefits and efficiencies to ID transactions.

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

DTC and NSCC do not believe that the proposed rule changes would 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 have not been solicited with respect to the proposed rule change, and none have been received. DTC and NSCC will notify the

Commission of any written comments they receive.

**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 the self-regulatory organization 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, as amended, is consistent with the Act. Comments may be submitted by any of the following methods:

*Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Numbers SR-DTC-2007-14 and SR-NSCC-2007-14 on the subject line.

*Paper Comments*

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File Numbers SR-DTC-2007-14 and SR-NSCC-2007-14. 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, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). 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, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 am and 3 pm. Copies of such filings also will be available for inspection and copying at the principal offices of DTC and NSCC and on DTC's Web site at [http://www.dtcc.com/downloads/legal/rule\\_filings/2007/dtc/2007-14.pdf](http://www.dtcc.com/downloads/legal/rule_filings/2007/dtc/2007-14.pdf) and on NSCC's Web site at [http://www.dtcc.com/downloads/legal/rule\\_filings/2007/nscc/2007-14.pdf](http://www.dtcc.com/downloads/legal/rule_filings/2007/nscc/2007-14.pdf). All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Numbers SR-DTC-2007-14 and SR-NSCC-2007-14 and should be submitted on or before April 23, 2008.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

**Florence E. Harmon,**  
*Deputy Secretary.*

[FR Doc. E8-6808 Filed 4-1-08; 8:45 am]

BILLING CODE 8011-01-P

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-57577, File No. SR-MSRB-2007-06]

**Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing of Amendment Nos. 1 and 2 and Order Granting Accelerated Approval of Proposed Rule Change as Modified by Amendment Nos. 1 and 2 Thereto Relating to an Amendment to the Municipal Securities Information Library® System To Establish a Pilot System for Consolidated Dissemination of Disclosure Documents and Related Information Through an Internet-Based Public Access Portal**

March 28, 2008.

**I. Introduction**

On November 15, 2007, the Municipal Securities Rulemaking Board ("MSRB" or "Board"), filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to establish a pilot system (the "pilot

<sup>12</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.

<sup>11</sup> 15 U.S.C. 78q-1.