

SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549.

Extension

Rule 17Ac2-2 and Form TA-2 SEC File No. 270-298 OMB Control No. 3235-0337

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

- Rule 17Ac2-2 and Form TA-2 (OMB Control No. 3235-0337; SEC File No. 270-298).

Rule 17Ac2-2, 17 CFR 240.17Ac2-2, and Form TA-2 under the Securities Exchange Act of 1934 require transfer agents to file an annual report of their business activities with the Commission. The amount of time needed to comply with the requirements of Rule 17Ac2-2 and Form TA-2 varies. From the total 1,210 registered transfer agents, approximately 300 registrants would be required to complete only Questions 1 through 4 and the signature section of amended Form TA-2, which we estimate would take each registrant about 30 minutes, for a total burden of 150 hours (300 × .5 hours). Approximately 410 registrants would be required to answer Questions 1 through 5, 10, and 11 and the signature section, which we estimate would take about 1 hour and 30 minutes, for a total of 615 hours (410 × 1.5 hours). The remaining registrants, approximately 500, would be required to complete the entire Form TA-2, which we estimate would take about 6 hours, for a total of 3000 hours (500 × 6 hours). We estimate that the total burden would be 3,765 hours (150 hours + 615 hours + 3000 hours).

We estimate that the total cost of reviewing and entering the information reported on the Forms TA-2 for respondents is \$31.50 per hour. The Commission estimates that the total cost would be \$118,597.50 annually (\$31.50 × 3,765).

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimates of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to Kenneth A. Fogash, Acting Associate Executive Director/CIO, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549.

Dated: April 18, 2003.

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 03-10155 Filed 4-23-03; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT: [68 FR 19240, April 18, 2003]

STATUS: Open Meeting.

PLACE: 450 Fifth Street, NW., Room 6600, Washington, DC.

DATE AND TIME OF PREVIOUSLY ANNOUNCED MEETING: Thursday, April 24, 2003 at 10 a.m.

CHANGE IN THE MEETING: Time Change.

The Open Meeting scheduled for Thursday, April 24, 2003 at 10 a.m. has been changed to Thursday, April 24, 2003 at 1 p.m.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact the Office of the Secretary at (202) 942-7070.

Dated: April 22, 2003.

Jonathan G. Katz,
Secretary.

[FR Doc. 03-10311 Filed 4-22-03; 3:52 pm]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-47693; File No. SR-NASD-2003-50]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the National Association of Securities Dealers, Inc. To Modify Fees for Computer-to-Computer Interface Lines Used by NASD Members and Non-Members To Provide Service Bureau Functionality

April 17, 2003.

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 March 24, 2003, the National Association of Securities Dealers, Inc. ("NASD"), through its subsidiary, the Nasdaq Stock Market, Inc. ("Nasdaq"), filed with the Securities and Exchange Commission the proposed rule change as described in Items I, II, and III below, which Nasdaq has prepared. On March 28, 2003, the NASD submitted Amendment No. 1 to the proposed rule change. The Commission is publishing this notice to solicit comments from interested persons on the proposed rule change, as amended.

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

Nasdaq proposes to establish a service bureau distributor fee for bandwidth enhancements of Computer-to-Computer Interface ("CTCI") lines that are used to provide service bureau functionality.³ If the Commission approves the proposal, Nasdaq proposes to implement the rule change retroactively as of April 1, 2003. The text of the proposed rule change is below. Proposed new language is in italics.⁴

7000. CHARGES FOR SERVICES AND EQUIPMENT

Rule 7010. System Services

(a)-(e) No change.

(f) Nasdaq Workstation™ Service

(1) No change.

(2) The following charges shall apply for each CTCI subscriber:

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The proposed rule change is applicable to both NASD member and non-members.

⁴ The text is marked to show changes from the language of the rule as amended by SR-NASD-

2003-43 (March 19, 2003) and SR-NASD-2003-46 (March 19, 2003).

| Options | Price |
|--|---|
| <i>Option 1:</i> Dual 56kb lines (one for redundancy) and single hub and router. | \$1275/month |
| <i>Option 2:</i> Dual 56kb lines (one for redundancy), dual hubs (one for redundancy), and dual routers (one for redundancy). | \$1600/month |
| <i>Option 3:</i> Dual T1 lines (one for redundancy), dual hubs (one for redundancy), and dual routers (one for redundancy). Includes base bandwidth of 128kb. | \$8000/month |
| Option 1, 2, or 3 with Message Queue software enhancement | Fee for Option 1, 2, or 3 (including any Bandwidth Enhancement Fee and Service Bureau Distributor Fee) plus 20% |
| <i>Disaster Recovery Option:</i> Single 56kb line with single hub and router. (For remote disaster recovery sites only.) | \$975/month |
| Bandwidth Enhancement Fee (for T1 subscribers only) | \$600/month per 64kb increase above 128kb T1 base |
| Service Bureau Distributor Fee (for T1 subscribers only) | \$3,400/month per 64kb increase above 128kb T1 base for lines used for service bureau functions |
| Installation Fee | \$2000 per site for dual hubs and routers |
| Relocation Fee (for the movement of TCP/IP— \$1700 per relocation capable lines within a single location). | \$1000 per site for single hub and router |

(g)(s) No change.

* * * * *

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

In its filing with the Commission, Nasdaq 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. Nasdaq 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

Nasdaq's CTCI network is a point-to-point dedicated circuit connection from the premises of brokerages and service providers to Nasdaq's Trumbull, Connecticut processing facilities. Through CTCI, firms are able to enter trade reports into Nasdaq's Automated Confirmation Transaction Service ("ACT"), orders into Nasdaq's transaction execution systems, and mutual fund pricing data into Nasdaq's Mutual Fund Quotation Service. The CTCI network operates over the Enterprise Wide Network II ("EWN II") and provides connectivity over powerful 56kb and T1 data lines. In addition, the CTCI network uses the industry-standard Transmission Control Protocol/Internet Protocol ("TCP/IP"), a transmission protocol that Nasdaq

describes as robust, efficient, and well known among the technical community.

Separately, Nasdaq has submitted filings to reduce the fee for CTCI bandwidth enhancements⁵ from \$4,000 to \$600 per month for each 64 kilobit ("kb") increment of additional bandwidth provided over a T1 CTCI line (above the base level of 128 kb).⁶ Nasdaq believes, however, that this price reduction should not be applied to T1 lines that are used to provide service bureau functionality. A service bureau is a firm (which may or may not be an NASD member) that connects to the systems of Nasdaq and other market centers and then offers its customers the ability to route orders to those market centers, in addition to providing the customers various order management, risk management, and regulatory compliance services. It is Nasdaq's understanding that service bureaus generally pass on the costs of connecting to Nasdaq and other market centers to their own customers. Nasdaq believes that, because a service bureau may use a single T1 line pair to provide market access to numerous customers, a service bureau is able to spread the costs of access across its entire customer base. In Nasdaq's view, the service bureau in effect acts as a distributor of access services. Accordingly, Nasdaq believes that an NASD member that accesses the Nasdaq market through a service bureau has generally paid a much lower price for connectivity than a member that

connects directly to Nasdaq through T1 circuits.⁷ To help address this disparity, Nasdaq is proposing to establish a service bureau distributor fee, which would be applicable to additional bandwidth provided over T1 lines that are used for service bureau functionality. The proposed fee would be \$3,400 for each 64 kb increase in bandwidth above the 128 kb base, and would be in addition to the bandwidth enhancement fee of \$600 for each 64 kb increase.⁸ Accordingly, lines used for service bureau functionality would continue to be charged fees that are equivalent to those charged under the price schedule that has been in effect since 2001.⁹ The fee would be assessed

⁷ For example, prior to the merger of Nasdaq Tools Inc. into Nasdaq, Nasdaq charged Nasdaq Tools Inc. for the use of CTCI lines in accordance with the pricing schedule contained in NASD Rule 7010(f), yet by spreading these costs among its customers, Nasdaq Tools Inc. was able to charge a pass-through fee of \$265 per subscriber per month to users of its Tools Plus service bureau product. Following the merger of Nasdaq Tools Inc. into Nasdaq, Nasdaq continues to charge Tools Plus users this same price. Securities Exchange Act Release No. 46973 (December 9, 2002), 67 FR 77305 (December 17, 2002) (SR-NASD-2002-164). Nasdaq believes that other service bureaus pass on CTCI costs to their subscribers in a similar manner. Nasdaq also notes that because the cost of lines used for service bureau functionality will not change, a change in Tools Plus CTCI pricing is not warranted at this time. See *id.* at 77308-09.

⁸ Nasdaq believes that its proposal to charge a distributor fee is analogous to the proposed rule change that the Commission approved in Securities Exchange Act Release No. 45102 (November 26, 2001), 66 FR 59830 (November 30, 2001) (SR-NASD-2001-59), in which Nasdaq adopted a fee schedule for firms acting as distributors of historical market data that was higher than the fee schedule for persons purchasing the data without a license to redistribute it.

⁹ Securities Exchange Act Release No. 43821 (January 8, 2001), 66 FR 3627 (January 16, 2001) (SR-NASD-00-80); Securities Exchange Act

⁵ The term "bandwidth" refers to the amount of data that can be transmitted over a CTCI line in one second. Accordingly, bandwidth enhancements allow a CTCI subscriber to send and receive a greater volume of data over a line.

⁶ See SR-NASD-2003-43 (March 19, 2003) (NASD members) and SR-NASD-2003-46 (March 19, 2003) (non-members).

on a line-by-line basis. Thus, a firm that used some lines to provide service bureau functionality while using other lines for its own use would identify its service bureau lines and would pay the fee only with respect to those lines.

Even after the implementation of this proposed rule change, it is likely that service bureau customers would pay less for connectivity to Nasdaq than firms that connect directly. Accordingly, Nasdaq will closely monitor connectivity costs and may make additional pricing modifications in the near future.

2. Statutory Basis

Nasdaq believes that the proposed rule change is consistent with the provisions of section 15A of the Act,¹⁰ particularly subsection 15A(b)(5),¹¹ because it provides for the equitable allocation of reasonable dues, fees, and other charges among members and issuers and other persons using any facility or system that the NASD operates or controls. Nasdaq believes that the proposed rule change would help to address an existing disparity between the charges paid by market participants for direct CTCI connections to Nasdaq and the much lower charges paid by market participants for access through service bureaus.

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

Nasdaq does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Nasdaq neither solicited nor received written comments with respect to the proposal.

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 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 is consistent with the Act. In particular, the Commission requests comment on Nasdaq's proposal to implement the proposed rule change retroactively as of April 1, 2003. The Commission notes that the retroactive implementation of the proposed fee change would enable Nasdaq to charge for services that it has already rendered.

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 NASD. All submissions should refer to file number SR-NASD-2003-50 and should be submitted by May 15, 2003.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 03-10097 Filed 4-23-03; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-47697; File No. SR-NASD-2003-68]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the National Association of Securities Dealers, Inc. To Amend Its Restrictions on Non-Cash Compensation in Connection With Corporate Financing and Direct Participation Programs

April 18, 2003.

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 April 7, 2003, the National Association of Securities Dealers, Inc. ("NASD"), 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 NASD. The NASD has designated the proposed rule change as one that constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule pursuant to rule 19b-4(f)(1) under the Act,³ which renders it effective upon receipt of the filing by the Commission. 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 NASD is proposing a proposed rule change to codify in NASD rules 2710 (Corporate Financing rule) and 2810 (Direct Participation Programs or "DPP" rule) its stated policies, practices, and interpretations regarding members' receipt of non-cash compensation in connection with the sale and distribution of securities. The express prohibitions on the receipt of non-cash compensation currently in the Corporate Financing rule and the DPP rule generally limit the receipt of such items to \$100 per person annually and do not include certain detailed exceptions under NASD rules 2820 (Variable Contracts rule) and 2830 (Investment Company rule) for members selling mutual fund shares and variable annuities. The proposed rule change would codify exceptions in the Variable Contracts and Investment Company rules for members selling debt, equity,

Release No. 44144 (April 2, 2001), 66 FR 18332 (April 6, 2001) (SR-NASD-00-81).

¹⁰ 15 U.S.C. 78o-3.

¹¹ 15 U.S.C. 78o-3(b)(5).

¹² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(1).