

thereunder.<sup>14</sup> At any time within 60 days of the filing of the 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.

The Exchange has requested that the Commission accelerate the operative date. The Commission finds good cause to designate the proposal to become operative immediately because such designation is consistent with the protection of investors and the public interest. Acceleration of the operative date will allow the pilot to continue uninterrupted through November 5, 2001, the deadline for which self-regulatory organizations must file proposed rule changes to set the minimum price variation for quoting in a decimals environment. For these reasons, the Commission finds good cause to designate that the proposal is both effective and operative upon filing with the Commission.<sup>15</sup>

#### IV. Solicitation of Comments

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, Security and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. Copies of the submission 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 CHX. All submissions should refer to file number SR-CHX-2001-13 and should be submitted by July 27, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>16</sup>

**Jonathan G. Katz,**  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44485; File No. SR-NSCC-2001-12]

### Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Regarding the Discontinuance of Trade Comparison Services for Transactions Matched at or by the Relevant Market

June 28, 2001.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on June 14, 2001, the National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") and on June 22, 2001, amended the proposed rule change as described in Items I and II below, which items have been prepared primarily by NSCC. The Commission is publishing this notice and order to solicit comments from interested persons and to grant accelerated approval of the proposal.

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

The proposed rule change modifies NSCC's Rules and Procedures to provide that as the various securities markets move to assume the full responsibility for trade comparison, NSCC will discontinue providing trade comparison services for trades executed in those markets.

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

In its filing with the Commission, NSCC 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. NSCC 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

Having the trade comparison function and locking-in trades at the marketplace where the trades occur is necessary step as the securities industry moves towards straight-through-processing and shortening the clearance and settlement cycle. Over the years, the stock exchanges and marketplaces have increasingly assumed this responsibility because it is faster and more efficient for comparison to be done by the marketplace at the time of execution. Comparison at the exchanges and marketplaces allows discrepancies to be identified and resolved more quickly and thus reduces the risk of failed trades. As a result, today close to 99 percent of all street-side equity trades are compared at the time of execution on a real-time basis and are submitted to NSCC as locked-in for trade recording. NSCC's Rules and Procedures currently recognize and provide for trades to be submitted on a locked-in basis from self-regulatory organizations, service providers, and special representatives.<sup>3</sup> The remaining transactions are sent to NSCC for trade comparison.

In preparation for the move towards shortened settlement cycles, NSCC has been working with the securities exchanges and markets as they move to assume the entire responsibility for comparing their respective trades. The first entity that will assume full responsibility for comparing or locking-in all its equity trades is the New York Stock Exchange ("NYSE"). The NYSE will take on this responsibility effective June 28, 2001. As a result, from and after June 28, 2001, NSCC will cease providing comparison services for equity transactions executed on the NYSE.

Subsequently, it is anticipated that the Amex and Nasdaq marketplace will assume full responsibility for comparison of equity trades executed on their marketplaces by year-end 2001 and by the end of the first quarter 2002, respectively. As each entity fully assumes the responsibility for comparing such trades, NSCC will

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

<sup>3</sup> NSCC's Rule 7 (Comparison Operation) and Rule 39 (Special Representative/Index Receipt Agent).

<sup>14</sup> 17 CFR 240.19b-4(f)(6).

<sup>15</sup> For purposes only of accelerating the operative date of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>16</sup> 17 CFR 200.30-3(a)(12).

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

discontinue the trade comparison process for all such trades.<sup>4</sup>

Accordingly, NSCC is modifying its Rules and Procedures to reflect this development. Rules 5 (General Provisions) and 7 (Comparison Operation), and Procedure II (Trade Comparison Service) will be amended to provide that as the various marketplaces and exchanges assume the responsibility for comparing trades executed in their respective markets, NSCC will cease providing comparison services with respect to the trades executed in those markets. NSCC will notify its members by Important Notice prior to the occurrence of each such "discontinuance."

This rule change provides for trades to be compared at the time of execution at the markets when the market provides comparison services and thereby permits discrepancies to be identified and corrected more quickly and reduces the risk of failed trades. Accordingly, NSCC believes that this change should facilitate the prompt and accurate clearance and settlement of securities transactions. NSCC states that the proposed rule change is therefore consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder.

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

NSCC 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. NSCC will notify Commission of any written comments it receives.

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

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder and particularly with the requirements of

Section 17A(b)(3)(F).<sup>5</sup> Section 17A(b)(3)(F) requires that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions. Having the trade comparison function occur at the marketplace where the trades occur should help reduce the risk of failed trades and thus should promote prompt and accurate clearance and settlement of securities transactions.

NSCC has requested that the Commission approve the proposed rule change prior to the thirtieth day after publication of the notice of the filing. The Commission finds good cause for approving the rule change prior to the thirtieth day after publication because such approval will allow NSCC to cease providing comparison services for the NYSE when the NYSE assumes full responsibility for comparing all its equity trades on June 28, 2001.

### **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 Room, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of NSCC. All submissions should refer to File No. SR-NSCC-2001-12 and should be submitted by July 27, 2001.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>6</sup> that the proposed rule change (File No. SR-NSCC-2001-12) be and hereby is approved.

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

**Jonathan G. Katz,**  
*Secretary.*

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## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-44484; File No. SR-NYSE-2001-12]

### **Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the New York Stock Exchange, Inc. Amending the Original Listing Standard for Cash Flow Revenue and Requiring Press Release Announcement from Companies Below Continued Listing Criteria By Reason of Share Price**

June 28, 2001.

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> notice is hereby given that on May 17, 2001, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "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 NYSE proposes to amend Sections 102 and 103 of the Exchange's *Listed Company Manual* to align the cash flow revenue original listing standard with that in the global market capitalization standard. The proposed rule change also would amend Section 802 and NYSE Rule 499 to require a press release announcement when a company is notified it is below the \$1.00 price standard. The text of the proposed rule change is as follows: Proposed additions are *italicized* and proposed deletions are in brackets.<sup>3</sup>

\* \* \* \* \*

<sup>7</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>3</sup> The proposed rule language has been marked against Sections 102, 103, 802, and NYSE Rule 499 as amended by SR-NYSE-2001-02 in Securities Exchange Act Release No. 44481 (June 27, 2001). Telephone conversation between James F. Duffy, Senior Vice President and Associate General Counsel, NYSE; Florence Harmon, Senior Special

<sup>4</sup> The Nasdaq Stock Market, Inc. has filed an application for exchange registration. Before NSCC ceases providing comparison services for the Nasdaq marketplace, it will make sure that market participants at both the National Association of Securities Dealers, Inc. and The Nasdaq Stock Market, Inc. have access to comparison services. Securities Exchange Act Release No. 44396 (June 7, 2001), 66 FR 31952 (June 13, 2001) (Notice of The Nasdaq Stock Market, Inc.'s application for exchange registration).

<sup>5</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>6</sup> 15 U.S.C. 78s(b)(2).