

**FOR FURTHER INFORMATION CONTACT:** To request more information or to obtain a copy of the information collection justification, forms, and/or supporting material, please call the RRB Clearance Officer at (312) 751-3363 or send an e-mail request to [Charles.Mierzwa@RRB.GOV](mailto:Charles.Mierzwa@RRB.GOV). Comments regarding the information collection should be addressed to Ronald J. Hodapp, Railroad Retirement Board, 844 North Rush Street, Chicago, Illinois 60611-2092 or send an e-mail to [Ronald.Hodapp@RRB.GOV](mailto:Ronald.Hodapp@RRB.GOV). Written comments should be received within 60 days of this notice.

**Charles Mierzwa,**  
Clearance Officer.

[FR Doc. 04-25719 Filed 11-18-04; 8:45 am]

**BILLING CODE 7905-01-P**

## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pubic Law 94-409, that the Securities and Exchange Commission will hold the following meeting during the week of November 22, 2004:

A Closed Meeting will be held on Tuesday, November 23, 2004 at 2 p.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the Closed Meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(3), (5), (6), (7), (9)(B), and (10) and 17 CFR 200.402(a)(3), (5), (7), 9(ii) and (10), permit consideration of the scheduled matters at the Closed Meeting.

Commissioner Campos, as duty officer, voted to consider the items listed for the closed meeting in closed session.

The subject matter of the Closed Meeting scheduled for Tuesday, November 23, 2004 will be:

Formal orders of investigations;  
Institution and settlement of injunctive actions;  
Institution and settlement of administrative proceedings of an enforcement nature; and  
Adjudicatory matters.

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: November 16, 2004.

**Jonathan G. Katz,**

Secretary.

[FR Doc. 04-25797 Filed 11-17-04; 11:36 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-50659; File No. SR-FICC-2004-11]

### Self-Regulatory Organizations; Fixed Income Clearing Corporation; Order Granting Approval of a Proposed Rule Change To Amend the Rules of the Government Securities Division To Modify the Penalty Assessment Process for Violations of Minimum Financial Standards and for Failures of Members To Submit Requisite Financial Reports on a Timely Basis

November 15, 2004.

#### I. Introduction

On May 17, 2004, the Fixed Income Clearing Corporation ("FICC") filed

with the Securities and Exchange Commission ("Commission") and on August 4, 2004, amended proposed rule change File No. SR-FICC-2004-11 pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").<sup>1</sup> Notice of the proposed rule change was published in the **Federal Register** on October 4, 2004.<sup>2</sup> No comment letters were received. For the reasons discussed below, the Commission is now granting approval of the proposed rule change.

#### II. Description

The proposed rule change amends the rules of its Government Securities Division ("GSD") by modifying the penalty assessment process for violations of minimum financial standards and for failure to submit requisite financial reports on a timely basis.

##### (A) Violations of Minimum Financial Standards

The rules of the GSD require netting members and clearing members to meet and maintain certain minimum financial standards at all times. While the majority of GSD members consistently satisfy their minimum financial requirements, occasionally members do breach these requirements and create undue risk for FICC and its GSD members. FICC has decided that a more uniform system of enforcing minimum financial requirements within the GSD would enhance the ability of FICC to minimize risk to itself and its members in a fair and effective manner.

Currently, the GSD Rules provide clearing fund consequences for the various categories of netting members that fall out of compliance with minimum financial requirements as follows:

Netting membership category	Current clearing fund consequence for falling below minimum financial standard <sup>3</sup>
Bank Member .....	Treated as a Category 2 Dealer. <sup>4</sup>
Category 1 Dealer Member .....	Treated as a Category 2 Dealer.
Category 2 Dealer Netting Member .....	Impose Required Fund Deposit equal to 150 percent of the normal calculation of Required Fund Deposit.
Category 1 Futures Commission Merchant Member.	Treated as a Category 2 Futures Commission Merchant.
Category 2 Futures Commission Merchant Member.	Impose Required Fund Deposit equal to 150 percent of the normal calculation of Required Fund Deposit.

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

<sup>2</sup> Securities Exchange Act Release No. 50457 (September 27, 2004), 69 FR 59283.

<sup>3</sup> Each consequence remains effective for a period beginning on the date on which the member fell below such level and continuing until the ninetieth calendar day after the date on which such member

returned to compliance with the applicable standard. If the consequence consists of a reclassification and the member does not return to compliance with its original minimum financial requirements within 90 calendar days of falling out of compliance, then the reclassification becomes permanent.

<sup>4</sup> Treating a bank or other non-Inter-Dealer Broker Category 1 Member as a Category 2 non-Inter-Dealer Broker Member for clearing fund purposes results in a higher clearing fund requirement for such a member because higher margin rates are imposed on non-Inter-Dealer Broker Category 2 Dealer Members than are imposed on banks and non-Inter-Dealer Broker Category 1 Members.

Netting membership category	Current clearing fund consequence for falling below minimum financial standard <sup>3</sup>
Category 1 Inter-Dealer Broker Member .....	Treated as a Category 1 Dealer as far as Required Fund Deposit exceeds \$5 million.
Category 2 Inter-Dealer Broker Member .....	Treated as a Category 1 Inter-Dealer Broker, if it qualifies as such, or if it does not so qualify, impose Required Fund Deposit equal to 150 percent of the normal calculation of the Required Fund Deposit.
Government Securities Issuer Member .....	Treated as a Category 2 Dealer.

Under the proposed rule change, a violation of a minimum financial requirement by a member<sup>5</sup> of the GSD would result in the imposition on such member of a margin premium equal to the greater of (a) 25 percent of the member's unadjusted<sup>6</sup> clearing fund requirement or (b) \$1,000,000, to continue for ninety calendar days after the later to occur of (i) the member's return to compliance with applicable minimum financial standards or (ii) FICC's discovery of the applicable violation. This increase would not apply to Category 1 Dealer Netting Members, Category 1 Futures Commission Merchant Netting Members or Category 2 Inter-Dealer Broker Netting Members, where such members would continue to be reclassified as a different category netting member.<sup>7</sup> In addition, such violation would result in (a) a report of the violation to the FICC Membership and Risk Management Committee at its next regularly scheduled meeting or sooner if deemed appropriate by FICC and (b) the placement of such member on FICC's "watch list" subjecting it to more frequent and thorough monitoring. None of these consequences would preclude FICC from imposing any other margin consequences permitted by GSD's Rules.

*(B) Failure To Submit Requisite Financial Reports on a Timely Basis*

Certain members that are required to provide monthly or quarterly financial data to FICC at times have violated GSD's membership requirements by not timely providing such financial data. In such instances, management contacts each offending member and follows up with a letter.

Failure to timely receive required information creates risk to FICC and hinders FICC's ability to appropriately assess the financial condition of such members. To encourage timely

submission of required financial data, FICC has established a mechanism to fine delinquent members.<sup>8</sup> FICC has proposed two additional measures to enforce timely filing of financial information.

First, FICC will subject delinquent members to a more stringent clearing fund requirement. Specifically, FICC will automatically impose a margin premium equal to the greater of (a) 25 percent of the member's unadjusted clearing fund requirement or (b) \$1,000,000. The margin premium will be applied until the appropriate financial data is submitted to FICC and is reviewed for compliance purposes. In addition, delinquent members will be precluded from taking back any excess clearing fund collateral to which they might ordinarily be entitled.

Second, members that fail to submit requisite financial reports on a timely basis will also automatically be placed on FICC's "watch list" and subject to more frequent and thorough monitoring.

### III. Discussion

Section 17A(b)(3)(F) of the Act requires among other things that the rules of a clearing agency be designed to assure the safeguarding of securities and funds in its custody or control or for which it is responsible.<sup>9</sup> The Commission finds that FICC's proposed rule change is consistent with this requirement because by encouraging members to maintain their minimum financial standards and to submit their required financial reports on a timely basis, FICC's ability to maintain a financially sound membership base should be enhanced.

### IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 17A of the Act and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to section 19(b)(2) of the Act,<sup>10</sup> that the proposed rule change (File No. SR-

FICC-2004-11) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>11</sup>

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

[FR Doc. 04-25705 Filed 11-18-04; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-50658; File No. SR-ISE-2004-32]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change and Amendment No. 1 Thereto by International Securities Exchange, Inc., Relating to Fee Changes

November 12, 2004.

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 September 30, 2004, the International Securities Exchange, Inc. (the "Exchange" or the "ISE") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. On November 8, 2004, the ISE filed Amendment No. 1 to the proposed rule change.<sup>3</sup> The ISE filed the proposal pursuant to section 19(b)(3)(A) under the Act,<sup>4</sup> which renders the proposal effective upon filing the amended

<sup>11</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> See letter from Michael J. Simon, Senior Vice President and General Counsel, ISE, to Nancy Sanow, Assistant Director, Division of Market Regulation ("Division"), Commission, dated November 8, 2004 ("Amendment No. 1"). In Amendment No. 1, the ISE clarified: (1) That the phrase "customer order" should be replaced with the phrase "Public Customer Order," relating to the Payment for Order Flow execution fee on the ISE schedule of fees; (2) the meaning of "member refresh program;" (3) that the Cabinet Lease/Maintenance and the Additional Servers fees are the only computer fees subject to the waiver; and (4) the list of fee waivers that have expired and the list of delisted products that are proposed to be deleted.

<sup>4</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>5</sup> The proposed rule change only applies to GSD members that have minimum financial requirements (*i.e.*, GSD netting members).

<sup>6</sup> "Unadjusted" means the standard calculation before any additional assessments.

<sup>7</sup> If GSD Category 1 Dealer Netting Members, GSD Category 1 Futures Commission Merchant Netting Members and GSD Category 2 Inter-Dealer Broker Netting Members do not meet the membership qualifications applicable to the new category of netting member, then they will be subject to the increased margin premium specified above.

<sup>8</sup> Securities Exchange Act Release No. 49947 (June 30, 2004), 69 FR 41316 [File No. SR-FICC-2003-01].

<sup>9</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>10</sup> 15 U.S.C. 78s(b)(2).