

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 OCC. All submissions should refer to the file number SR-OCC-98-04 and should be submitted by May 3, 1999.

It is therefore ordered, pursuant to section 19(b)(2) of the Act,⁷ that the proposed rule change (File No. SR-OCC-98-04) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁸

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41251; File No. SR-SCCP-98-06]

Self-Regulatory Organizations; Stock Clearing Corporation of Philadelphia; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Reducing Certain Trade Recording Fees

April 5, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on December 31, 1998, the Stock Clearing Corporation of Philadelphia ("SCCP") 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 SCCP. The Commission is publishing this notice to solicit comments on the

proposed rule change from interested parties.

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

SCCP proposes permanent implementation of a reduction in SCCP's fee schedule for trade recording fees for trades that match with PACE orders.²

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

In its filing with the Commission, SCCP included statements concerning the purpose of and statutory basis for the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. SCCP has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.³

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

SCCP proposes permanent implementation of its program that reduced SCCP's trade recording fees for trades that match with PACE orders. SCCP began providing reduced recording fees for trades that match with PACE for trades settling January 2, 1998, through April 30, 1998.⁴ Subsequently, the pilot program has been extended through December 31, 1999.⁵

Prior to the implementation of the pilot program, SCCP charged a trade recording fee of \$.47 per side for regular trades. SCCP is not bifurcating the category of trade recording fees for regular trades into trades not matching with PACE orders and trades matching with PACE orders. The trade recording fees for trades not matching with PACE orders remains \$.47 per side. SCCP's trade recording fees for trades matching with PACE orders are now (i) \$.27 per side for the first 2,500 trades per month and (ii) \$.10 per side for trades in excess of 2,500 per month.

SCCP believes that the trade recording fee reduction is equitable and reasonable. SCCP states that the PACE

System provides participants and their customers with automated order entry, execution, and processing. One of the benefits of small order entry systems, such as PACE, is that customers pay lower fees for the use of PACE as opposed to manual order entry. SCCP further states that another benefit of PACE is the increased efficiency associated with automated order processing. In fact, lower fees generally recognize the reduction of participant and exchange personnel involved in PACE transactions. Therefore, reducing the total cost of exchange trading, in an equitable fashion, should encourage additional PACE business, which in turn, extends the many benefits of PACE to additional customers.

SCCP notes that trades matching with PACE trades require that SCCP expend fewer technological and manual resources to accept and record than if the trades arrived at SCCP from a source other than PACE. SCCP receives information on trades from many different sources and then processes this trade information for its participants. These trades take place on a number of different platforms. For example, SCCP clears trades executed on the PACE system, the Intermarket Trading System ("ITS"), and from the Securities Industry Automation Corporation ("SIAC") over-the-counter system. In all, SCCP receives and records trades from approximately twelve different sources. All of these sources, except trades executed over PACE, require SCCP to expend additional technological and manual resources to process these trades.

Trades executed over PACE are received by SCCP from the PHLX. PACE trades received from the PHLX are already in a format that SCCP systems can read and process without further technological and manual manipulation. Trades executed and received from another source require SCCP to create and interface, create additional programming to transform the data received into a source that SCCP systems can process, and potentially require SCCP personnel to enter trades manually from hand written tickets. In other words, SCCP states that it must expend additionally resources to transform the data it receives from non-PACE sources in a format comparable to PACE data received from PHLX. Therefore, SCCP believes that a reduction in fees for trades that match with PACE orders recognizes the reduced resources needed by SCCP to process and record these trades.

For these reasons, SCCP believes that the proposed rule change is consistent

⁷ 15 U.S.C. 78s(b)(2).

⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² PACE, an acronym for the Philadelphia Stock Exchange Automated Communication and Execution System, is a real time order routing and execution system.

³ The Commission has modified parts of these statements.

⁴ Securities Exchange Act Release No. 39630 (February 9, 1998), 63 FR 7848.

⁵ Securities Exchange Act Release Nos. 39948 (May 4, 1998), 63 FR 25538, 40274 (July 22, 1998), 63 FR 40578 and 40885 (January 5, 1999), 64 FR 1851.

with Section 17A(b)(3)(D) of the Act,⁶ which requires that the rules of a registered clearing agency provide for equitable allocation of reasonable dues, fees, and other charges for services which it provides to its participants.

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

SCCP does not believe that the proposed rule change will impose any inappropriate 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 were either solicited or received.

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

Because the foregoing rule change establishes or changes a due, fee, or other charge imposed by SCCP, it has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act⁷ and Rule 19b-4(f)(2) thereunder.⁸ At any time within sixty 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.

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 submissions, 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. Copies of such filing will also be available for

inspection and copying at SCCP. All submissions should refer to the File No. SR-SCCP-98-06 and should be submitted by May 3, 1999.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland,

Deputy Secretary.

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**OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE**

[Docket No. WTO/D-138]

**WTO Dispute Settlement Proceeding
Regarding U.S. Countervailing Duties
on Certain Hot-Rolled Lead and
Bismuth Carbon Steel Products
Originating in the United Kingdom**

AGENCY: Office of the United States Trade Representative.

ACTION: Notice; request for comments.

SUMMARY: The Office of the United States Trade Representative ("USTR") is providing notice of the request for the establishment of a dispute settlement panel under the Marrakesh Agreement Establishing the World Trade Organization ("WTO"), by the European Communities ("EC") to examine the imposition by the United States of countervailing duties on hot-rolled lead and bismuth carbon steel products ("lead bar") from the United Kingdom. In this dispute, the EC alleges that such imposition of countervailing duties is inconsistent with obligations of the United States under the WTO Agreement of Subsidies and Countervailing measures ("SMC Agreement"). The USTR invites written comments from the public concerning the issues raised in this dispute.

DATES: Although USTR will accept any comments received during the course of the dispute settlement proceedings, comments should be submitted by May 21, 1999, to be assured of timely consideration by the USTR in preparing its first written submission to the panel.

ADDRESSES: Comments may be submitted to Sandy McKinzy, Litigation Assistant, Office of Monitoring and Enforcement, Room 122, Attn: Lead Bar Dispute, Office of the U.S. Trade Representative, 600 17th Street, NW., Washington, DC 20508.

FOR FURTHER INFORMATION CONTACT: William D. Hunter, Office of the General Counsel, (202) 395-3582.

SUPPLEMENTARY INFORMATION: Pursuant to section 127(b)(1) of the Uruguay Round Agreements Act ("URAA") (19 U.S.C. 3537(b)(1)), the USTR is providing notice that on January 14, 1999, the EC submitted a request for the establishment of a WTO dispute settlement panel to examine the imposition by the United States of countervailing duties on leaded bar originating in the United Kingdom. On January 22, 1999, the EC submitted a revision of its request. The WTO Dispute Settlement Body established a panel for this purpose on February 17.

Major Issues Raised and Legal Basis of Complaint

In its request for the establishment of a panel, as revised, the EC alleges the following:

The US refuses to take account of the privatization or change of ownership of the body receiving a subsidy, even, if at a full market price, and to consider whether the subsidy still provides a benefit when assessing or reassessing, the countervailable subsidy. Instead the US considers that the subsidy "travels with" the assets when they are transferred. The US allocates the amount of the subsidy to the new owners of the assets according to a methodology which has no rational basis and has never been explained or justified in the determinations.

In particular, no attempt has ever been made in the final determinations to justify or rationalize what benefits continue to result from subsidies following privatization or sale of assets at fair market prices. The US methodology relied entirely on the presumption (based mostly on pre-WTO legislation and practice) that benefits from prior subsidies pass-through without the need to show that a benefit continues to be conferred as mandated by the [SCM Agreement].

The EC alleges that the imposition of countervailing duties in the circumstances described above constitutes a violation of Articles 1.1(b), 10, 14, and 19.4 of the SCM Agreement.

Public Comment: Requirements for Submissions

Interested persons are invited to submit written comments concerning the issues raised in this dispute. Comments must be in English and provided in fifteen copies to Sandy McKinzy at the address provided above. A person requesting that information contained in a comment submitted by that person be treated as confidential business information must certify that such information is business confidential and would not customarily be released to the public by the submitting person. Confidential business information must be clearly marked "BUSINESS CONFIDENTIAL"

⁶ 15 U.S.C. 78q-1(b)(3)(D).

⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

⁸ 17 CFR 240.19b-4(f)(2).

⁹ 17 CFR 200.30-3(a)(12).