

risk management measure on the repo substitution process.

First, GSCC will amend Rule 18 ("Special Provisions for Repo Transactions"), its Schedule of Timeframes, and its Fee Schedule to initially impose: (i) a deadline of noon (12:00 p.m. for the submission of repo collateral substitution notifications after which time the dealer member that initiated the substitution will be subject to a late fee of \$500 per substitution notification and (ii) an absolute deadline of 12:30 p.m. for the submission of repo collateral substitution notifications after which time GSCC will reject the substitution notification.⁴ GSCC will extend these submission deadlines by one hour on those days that The Bond Market Association announces in advance will be extraordinary volume days. All required information must be included in the substitution notification in order for it to be deemed to be received by the deadlines. Substitution notifications or amendments will no longer be accepted verbally but instead will only be accepted through the use of GSCC's designated messaging utility that is available to all repo-netting participants.

Second, GSCC will revise Rule 12 ("Securities Settlement") to make clear that the use of reversal codes in certain situations is improper and that members may not use a reversal code for a securities delivery obligation to GSCC unless the member has obtained GSCC's prior consent. The rule change also provides that if GSCC is required to obtain overnight financing with respect to securities delivered in violation of this new rule, the entire amount of the financing cost will be borne by the offender.⁵

Third, for risk management reasons, GSCC will amend Rule 18 to add a requirement that all collateral substitutions with regard to repos that are on GSCC's books pending settlement must be made through GSCC.

Fourth, GSCC will amend Section 4 of Rule 18 to permit a repo broker to submit a repo collateral substitution. As

part of this change, GSCC will add the definition of repo broker to its definitions under Rule 1. A repo broker will be defined as an inter-dealer broker or a division or other separate operating unit within a dealer netting member that operates in the same manner as a broker and that participates in GSCC's repo netting service pursuant to the same requirements imposed under Rule 15 governing special provisions for certain netting members and Rule 19 governing special provisions for brokered repo transactions.

II. Discussion

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)⁶ of the Act, which requires that the rules of a clearing agency be designed to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. The commission finds that GSCC's rule change meets these conditions because it implements procedures designed to prohibit practices that pose risk and operational difficulties to GSCC.

III. Conclusion

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

It Is Therefore Ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-GSCC-00-10) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01-25703 Filed 10-11-01; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44910; File No. SR-NASD-2001-67]

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Nasdaq National Market Execution System Fees and the Introduction of a Liquidity Provider Rebate for NASD Members

October 5, 2001.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on October 4, 2001, the National Association of Securities Dealers, Inc. ("NASD" or "Association"), through its subsidiary, The Nasdaq Stock Market, Inc. ("Nasdaq"), 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 Nasdaq. Nasdaq has designated this proposal as one establishing or changing a due, fee or other charge imposed by the self-regulatory organization under Section 19(b)(3)(A)(ii) of the Act, which renders the rule effective upon filing with the Commission.¹ 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

This is a rule change, on a pilot basis, to: (1) Increase the per share charge for use of the Nasdaq National Market Execution System ("NNMS" or "SuperSOES"); and (2) introduce a liquidity provider rebate. Nasdaq has designated this proposal as one establishing or changing a due, fee, or other charge imposed by a self-regulatory organization, and therefore the proposed rule change is effective upon filing as applied to NASD members. The rule change will become operative on a pilot basis, commencing on November 1, 2001 and ending on October 31, 2002.² During the pilot

⁴ The 12 p.m. deadline is one hour after which time the broker should have received all of the requisite substitution information under The Bond Market Association guidelines. In the future, GSCC may change these deadlines depending on market practice. Prior to making any such change, GSCC will make an appropriate filing under Section 19 of the Act and Rule 19(b)(4) thereunder and notify its members in advance.

⁵ A GSCC member may continue to use a reversal code under circumstances where it wishes to indicate to GSCC (where GSCC is the initiating party of a securities delivery to the member) that it "does not know" ("DK") the transaction. For example, if GSCC sends a securities delivery to a member in error, it is appropriate for the member to DK such delivery.

⁶ 15 U.S.C. 78q-1(b)(3)(F).

⁷ 17 CFR 200.30-3(a)(12).

¹ The NASD filed an amendment to the filing on October 5, 2001. The substance of the amendment has been incorporated into this notice. See letter to Katherine A. England, Assistant Director, Commission, from John M. Yetter, Assistant General Counsel, Nasdaq, (October 4, 2001).

² Nasdaq also filed a companion rule filing (SR-NASD-2001-68) to apply the per share charge

Continued

period, Nasdaq will assess the effect of the rule change on market participants and Nasdaq and may file additional changes to the level or structure of its fees. The text of the proposed rule change is set forth below. Proposed new language is italicized; proposed deletions are in brackets.

* * *

7010. System Services

(a)–(h) No change.

(i) Transaction Execution Services

(1) No change.

(2) Nasdaq National Market Execution System (SuperSOES)

The following charges shall apply to the use of the Nasdaq National Market Execution System:

Order Entry Charge.	\$0.10 per order entry (entering party only).
Per Share Charge.	\$0.001 per share executed for all fully or partially executed orders (entering party only).
Cancellation Fee	\$0.25 per order cancelled (canceling party only).

For a pilot period commencing on November 1, 2001 and lasting until October 31, 2002, the per share charge will be \$0.002 per share executed for all fully or partially executed orders (entering party only).

(3) No change.

(4) Liquidity provider rebate

For a pilot period commencing on November 1, 2001 and lasting until October 31, 2002:

(A) NASD members that do not charge an access fee to market participants accessing their quotations through the Nasdaq National Market Execution System will receive a rebate of \$0.001 per share when their quotation is executed against by a Nasdaq National Market Execution System order.

(B) NASD members will receive a rebate of \$0.001 per share when they send a Nasdaq National Market Execution System order that executes against the quotation of a market participant that charges an access fee to market participants accessing its quotations through the Nasdaq National Market Execution System.

(j)–(q) No change.

portion of the rule change to national securities exchanges trading Nasdaq-listed securities pursuant to grants of unlisted trading privileges ("UTP Exchanges"), which are not NASD members, and has requested that the Commission grant accelerated approval to the filing. SR–NASD–2001–68 will become effective immediately upon approval by the Commission and will be implemented on the first day of the month immediately following Commission approval.

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 comments it 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 below in Sections (A), (B), and (C), 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

On January 14, 2000, the Commission issued an order approving a rule change that: (1) Established the NNMS, a new platform for the trading of Nasdaq National Market ("NNM") securities; (2) modified the rules governing the use of SelectNet for trading NNM issues; and (3) left unchanged trading of Nasdaq SmallCap securities through the Small Order Execution System ("SOES") and SelectNet.³ Nasdaq began implementing these system changes on July 9, 2001 and completed implementation on July 30, 2001. Through these changes, the NNMS has become the primary trading platform for NNM securities, and SelectNet is intended to be used primarily for the transmittal and execution of "non-liability" orders for market makers in NNM securities, as well as the transmittal and execution of "liability" orders to market participants that do not participate in the automatic execution functionality of the NNMS. On September 28, 2001, Nasdaq filed modifications to the pricing structure for SelectNet and the NNMS.⁴ These changes were designed as an interim modification to begin the process of aligning the charges to market participants for using the NNMS and SelectNet more closely with the costs of providing these services and the benefits that they provide to market participants.

In this filing, Nasdaq is increasing the per share charge for use of the NNMS

and introducing a liquidity provider rebate. The per share charge for orders entered and executed in the NNMS will increase from \$0.001 per share to \$0.002 per share, in keeping with Nasdaq's ongoing efforts to align charges with costs and benefits. This increase, however, will be accompanied by the institution of a liquidity provider rebate. The rebate is designed to enhance market efficiency and fairness by offering incentives to market participants that provide liquidity through the NNMS. Nasdaq believes that the rebate will increase the extent to which orders are exposed to the entire market. The rebate is also structured to address competitive disparities between electronic communications networks, which may charge non-subscribers fees for accessing their quotes, and market makers, which generally are prohibited by the Commission from charging access fees. Members that do not charge an access fee will receive a rebate of \$0.001 per share when their quotation is executed against by an order sent via the NNMS; in addition, a rebate of \$0.001 per share will be paid to members when they send an NNMS order that executes against the quotation of a market participant that charges in access fee. The rebate will be applied to reduce any charges payable by the recipient of the rebate to Nasdaq. Any remaining balance may be paid directly to the member. The rebate will be calculated on a monthly basis.

Nasdaq believes that the proposed rule change is consistent with the Act, including Section 15A(b)(5) of the Act, which requires that the rules of the NASD provide for the equitable allocation of reasonable fees, dues, and other charges among members and issuers and other persons using any facility or system which the NASD operates or controls, and Section 15A(b)(6) of the Act, which requires rules that are not designed to permit unfair discrimination between customers, issuers, brokers or dealers. Nasdaq believes that the level of fees charged to market participants under the proposal is reasonable. Nasdaq anticipates that overall fees for the NNMS, SelectNet, and SOES, net of the liquidity provider rebate, will be comparable to overall fees for the NNMS, SelectNet, and SOES under the pricing changes contained in SR–NASD–2001–63 and SR–NASD–2001–64. Such fees are, in turn, estimated to be slightly lower than overall fees for SelectNet and SOES prior to the introduction of the NNMS. Moreover, Nasdaq believes that the structure of the

³ Securities Exchange Act Release No. 42344 (Jan. 14, 2000), 65 FR 16 (Jan. 25, 2000) (SR–NASD–99–11).

⁴ See Securities Exchange Act Release No. 44899 (October 2, 2001) (File No. SR–NASD–2001–63) and Securities Exchange Act Release No. 44898 (October 2, 2001) (File No. SR–NASD–2001–64). SR–NASD–2001–63 applied the new fees to NASD members, effective upon filing, and was implemented on October 1, 2001. SR–NASD–2001–64 will apply the new fees to UTP Exchanges, and will be implemented on the first day of the month immediately following Commission approval.

liquidity provider rebate is equitable, because it will help to address competitive disparities between electronic communications networks and market makers stemming from access fees.

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

Nasdaq believes that the proposed rule change will not 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

Written comments were neither solicited nor received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act and subparagraph (f) of Rule 19b-4, thereunder because it establishes or changes a due, fee or other charge imposed by the self-regulatory organization. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate the 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 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 the 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-2001-67 and should be submitted by November 2, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,

Deputy Secretary.

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SOCIAL SECURITY ADMINISTRATION

The Ticket To Work and Work Incentives Advisory Panel Meeting

AGENCY: Social Security Administration (SSA).

ACTION: Notice of meeting.

DATES:

November 14, 2001, 9:30 a.m.-4 p.m.

November 15, 2001, 9:00 a.m.-5 p.m.

November 16, 2001, 9:00 a.m.-4 p.m.

ADDRESSES: Madison Hotel, 15th and M Street, NW., Washington, DC 20005, Phone: 202-862-1600, Fax: 202-785-1255.

SUPPLEMENTARY INFORMATION: Type of meeting: This is a quarterly meeting and experts roundtable on of the Ticket to Work and Work Incentives Improvement Act demonstration projects, open to the public. The public is invited to participate by coming to the address listed above. Public comment will be taken during the quarterly meeting. The public is also invited to submit comments in writing on the implementation of the Ticket to Work and Work Incentives Improvement Act (TWWIIA) of 1999 at any time.

Purpose: In accordance with section 10(a)(2) of the Federal Advisory Committee Act, the Social Security Administration (SSA) announces a meeting of the Ticket to Work and Work Incentives Advisory Panel (the Panel). Section 101(f) of Pub. L. 106-170 establishes the Panel to advise the Commissioner of SSA, the President, and the Congress on issues related to work incentives programs, planning and assistance for individuals with disabilities as provided under section 101(f)(2)(A) of the TWWIIA. The Panel is also to advise the Commissioner on matters specified in section 101(f)(2)(B) of that Act, including certain issues related to the Ticket to Work and Self-Sufficiency Program established under section 101(a) of that Act.

Interested parties are invited to attend the meeting. The Panel will use the meeting time to receive briefings, hear

presentations, conduct full Panel deliberations on the implementation of TWWIIA, receive public testimony, and conduct an experts roundtable and other business.

The Panel will meet in person commencing on Wednesday, November 14, 2001 from 9:30 a.m. to 4 p.m.; Thursday, November 15, 2001 from 9 a.m. to 5 p.m.; and Friday, November 16, 2001 from 9 a.m. to 4 p.m.

Agenda: The Panel will hold a quarterly meeting and host an experts roundtable on the Ticket to Work and Work Incentives Improvement Act demonstration projects. Briefings, presentations, full Panel deliberations and other Panel business will be held Wednesday and Thursday, November 14 and 15, 2001. Public testimony will be heard in person Thursday, November 15, 2001 from 3:30 p.m. to 4:30 p.m. Members of the public must schedule a timeslot in order to comment. In the event that the public comments do not take up the scheduled time period for public comment, the Panel will use that time to deliberate and conduct other Panel business. The experts roundtable will be held Friday, November 16, 2001.

Individuals interested in providing testimony in person should contact the Panel staff as outlined below to schedule time slots. Each presenter will be called on by the Chair in the order in which they are scheduled to testify and is limited to a maximum five-minute verbal presentation. Full written testimony on TWWIIA Implementation, no longer than 5 pages, may be submitted in person or by mail, fax or email on an on-going basis to the Panel for consideration.

Since seating may be limited, persons interested in providing testimony at the meeting should contact the Panel staff by e-mailing Kristen M. Breland, at kristen.m.breland@ssa.gov or calling (202) 358-6423.

The full agenda for the meeting will be posted on the Internet at <http://www.ssa.gov/work/panel/> two weeks before the meeting or can be received in advance electronically or by fax upon request.

Contact Information: Anyone requiring information regarding the Panel should contact the TWWIIA Panel staff. Records are being kept of all Panel proceedings and will be available for public inspection by appointment at the Panel office. Anyone requiring information regarding the Panel should contact the Panel staff by:

- Mail addressed to Social Security Administration, Ticket to Work and Work Incentives Advisory Panel Staff, 400 Virginia Avenue, SW., Suite 700, Washington, DC 20024.

⁵ 17 CFR 200.30-3(a)(12).