

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-51673; File No. SR-FICC-2005-06]

**Self-Regulatory Organizations; Fixed Income Clearing Corporation; Order Approving Proposed Rule Change To Change the Minimum Margin Deficiency Call Amount for Participants in Its Mortgage-Backed Securities Division**

May 9, 2005.

**I. Introduction**

On March 11, 2005, the Fixed Income Clearing Corporation ("FICC") filed with the Securities and Exchange Commission ("Commission") proposed rule change SR-FICC-2005-06 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").<sup>1</sup> Notice of the proposal was published in the **Federal Register** on April 4, 2005.<sup>2</sup> No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

**II. Description**

FICC is amending the minimum margin deficiency call amount for participants in its Mortgage-Backed Securities Division ("MBSD") to the lesser of \$250,000 or 25 percent of the value of a participant's margin deposit. Currently, the MBSD's procedures establish a minimum margin deficiency call amount of \$1,000. Upon review, FICC has determined that the minimum margin deficiency call amount creates unnecessary operational burdens and allocation of resources for a collection of margin calls that FICC believes is insubstantial from a risk perspective. On average, the MBSD makes 17 margin calls per day of which approximately five are for amounts under \$250,000.

FICC seeks to harmonize the rules of its two divisions, the Government Securities Division ("GSD") and MSBD, wherever prudent and possible. The rules of the GSD provide for a minimum Clearing Fund deficiency call amount for margin requirement increases of the lesser of \$250,000 or 25 percent of the value of the member's collateral deposits.<sup>3</sup> Under the proposed rule, the minimum margin deficiency call amount for MBSD participants will be the lesser of \$250,000 or 25 percent of

the value of a participant's margin deposit. FICC believes this will eliminate the operational burdens associated with the collection of *de minimis* margin amounts and will harmonize the rules of FICC's two divisions.<sup>4</sup>

**III. Discussion**

Section 17A(b)(3)(F) of the Act 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.<sup>5</sup> The Commission finds that FICC's proposed rule change is consistent with this requirement because it will allow for a less burdensome application of its margin call process without presenting material risk to FICC or its participants. This should allow FICC to reallocate resources formerly associated with the collection of *de minimis* margin amounts, which will better enable FICC to safeguard the securities and funds in its custody or control or for which it is responsible.

**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, that the proposed rule change (File No. SR-FICC-2005-06) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>6</sup>

Jill M. Peterson,

Assistant Secretary.

[FR Doc. E5-2408 Filed 5-13-05; 8:45 am]

BILLING CODE 8010-01-P

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-51668; File No. SR-NASD-2005-056]

**Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change, and Amendment No. 1 Thereto, National Association of Securities Dealers, Inc. Eliminating the Directed Order Process in The Nasdaq Market Center**

May 9, 2005.

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 April 21, 2005, the National Association of Securities Dealers, Inc. ("NASD"), 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. On May 2, 2005, Nasdaq filed Amendment No. 1 to the proposed rule change.<sup>3</sup> The Commission is publishing this notice, as amended, to solicit comments on the proposed rule change from interested persons.

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

Nasdaq is filing a proposed rule change to eliminate the Directed Order Process from the Nasdaq Market Center.<sup>4</sup> Nasdaq will implement the proposed rule change within 90 days of approval with the exact date being provided to market participants via a Head Trader Alert on <http://www.nasdaqtrader.com>. The text of the proposed rule change is available on Nasdaq's Web site (<http://www.nasdaq.com/LegalCompliance.stm>), at Nasdaq's principal office, and at the Commission's Public Reference Room.

<sup>1</sup> 15 U.S.C. 78s(b)(1).<sup>2</sup> 17 CFR 240.19b-4.<sup>3</sup> In Amendment No. 1, Nasdaq amended NASD Rule 7010 to reflect the proposed elimination of the Directed Order Process.<sup>4</sup> Nasdaq notes it has previously filed to eliminate the Directed Order Process as part of File No. NASD-2004-181. See Securities Exchange Act Release No. 50845, (December 13, 2004), 69 FR 76022 (December 20, 2004). Nasdaq will amend NASD-2004-181 to reflect the proposed elimination of the Directed Order process in the immediate filing.<sup>1</sup> 15 U.S.C. 78s(b)(1).<sup>2</sup> Securities Exchange Act Release No. 51441 (March 28, 2005), 70 FR 17133 (April 4, 2005).<sup>3</sup> There is no minimum amount for deficiency calls where the subject member is subject to enhanced monitoring on what is known as the "watch list."<sup>4</sup> As proposed and consistent with the applicable GSD rule, a minimum amount will not apply to deficiency calls where the subject participant is on the "watch list."<sup>5</sup> 15 U.S.C. 78q-1(b)(3)(F).<sup>6</sup> 17 CFR 200.30-3(a)(12).

## 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 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 is proposing to eliminate the Directed Order process from the Nasdaq Market Center. The Directed Order Process replicates SelectNet functionality that pre-dated the implementation of Nasdaq's SuperMontage system (since re-named the Nasdaq Market Center). Directed Orders are not integrated with the Non-Directed Order process and are processed independently of Non-Directed Orders in the Nasdaq Market Center.

Currently, member A can send a Directed Order to sell to member B, who is displaying quotes in the Nasdaq Market Center. Unless member B has expressly indicated it will accept liability orders through the Directed Order process, member B is not obligated to trade with the incoming order. Member B can reject the order, respond with a counter offer, or execute the order. Because the Directed Order process is used to negotiate trades, orders can be executed at prices inferior to the best prices displayed in the Nasdaq Market Center. In addition, because Directed Orders are not integrated in Non-Directed Order execution algorithm, trades are executed without consideration of the time priority of orders in the Non-Directed Order process.

The maintenance of a separate order delivery processing infrastructure for Directed Orders, outside of the Nasdaq Market Center's main Non-Directed Order process, increases costs and system complexity for Nasdaq. In addition, the current ability of Directed Orders to be processed without regard for the best prices displayed in the Nasdaq Market Center, or the time priority of other orders in the system, impairs the overall trading efficiency of the system and Nasdaq's ongoing efforts

to enhance price/time priority within the Nasdaq Market Center. Finally, given recent elimination of Nasdaq's pre-open Trade-or-Move requirements that obligated market participants to send Directed Orders containing a Trade-or-Move messages, Nasdaq feels that now is an appropriate time to eliminate the Directed Order Process from the Nasdaq Market Center.

#### 2. Statutory Basis

Nasdaq believes that the proposed rule change is consistent with the provisions of Section 15A of the Act,<sup>5</sup> in general and with Section 15A(b)(6) of the Act,<sup>6</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, remove impediments to a free and open market and a national market system, and, in general, to protect investors and the public interest. Nasdaq believes that the proposed changes are consistent with the obligations of Section 15A(b)(6) of the Act because they will provide for greater time priority protection in Nasdaq's execution service. In addition, because the obligations under Section 15A(b)(6) and Section 6(b)(5) are the same, the proposed changes also are consistent with the obligations applicable to registered exchanges.

### 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

Written comments were neither solicited nor received.

## 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, as amended, is consistent with the Act. Comments may be submitted by any of the following methods:

### Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NASD-2005-056 on the subject line.

### Paper Comments

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. All submissions should refer to File Number SR-NASD-2005-056. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). 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 also will be available for inspection and copying at the principal office of the NASD. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-NASD-2005-056 and should be submitted on or before June 6, 2005.

<sup>5</sup> 15 U.S.C. 78o-3.

<sup>6</sup> 15 U.S.C. 78o-3(b)(6).

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

**Jill M. Peterson,**

*Assistant Secretary.*

[FR Doc. E5-2399 Filed 5-13-05; 8:45 am]

BILLING CODE 8010-01-P

## SELECTIVE SERVICE SYSTEM

### Form Submitted to the Office of Management and Budget for Extension of Clearance

**AGENCY:** Selective Service System.

**ACTION:** Notice.

The following form has been submitted to the Office of Management and Budget (OMB) for extension of clearance in compliance with the Paperwork Reduction Act (44 U.S. Chapter 35):

#### SSS-1

**Title:** The Selective Service System Registration Form.

**Need and/or Use:** Is used to register men and establish a data base for use in identifying manpower to the military services during a national emergency.

**Respondents:** All 18-year-old males who are United States citizens and those male immigrants residing in the United States at the time of their 18th birthday are required to register with the Selective Service System.

**Frequency:** Registration with the Selective Service System is a one-time occurrence.

**Burden:** A burden of 2 minutes or less on the individual respondent.

Copies of the above identified form can be obtained upon written request to: Selective Service System, Reports Clearance Officer, 1515 Wilson Boulevard, Arlington, Virginia 22209-2425.

Written comments and recommendations for the proposal extension of clearance of the form should be sent within 30 days of publication of this notice to: Selective Service System, Reports Clearance Officer, 1515 Wilson Boulevard, Arlington, Virginia 22209-2425.

A copy of the comments should be sent to: Office of Information and Regulatory Affairs, Attention: Desk Officer, Selective Service System, Office of Management and Budget, New Executive Office Building, Room 3235, Washington, DC 20503.

Dated: April 29, 2005.

**William A. Chatfield,**

*Director.*

[FR Doc. 05-9621 Filed 5-13-05; 8:45 am]

BILLING CODE 8015-01-M

## SMALL BUSINESS ADMINISTRATION

[Disaster Declaration # 10111 and # 10112]

### Pennsylvania Disaster Number PA-00001

**AGENCY:** U.S. Small Business Administration.

**ACTION:** Amendment 2.

**SUMMARY:** This is an amendment of the Presidential declaration of a major disaster for the State of Pennsylvania (FEMA-1587-DR), dated 04/14/2005.

**Incident:** Flooding.

**Incident Period:** 04/02/2005 through 04/23/2005.

**EFFECTIVE DATE:** 04/29/2005.

**Physical Loan Application Deadline Date:** 06/14/2005.

**EIDL Loan Application Deadline Date:** 01/09/2006.

**ADDRESSES:** Submit completed loan applications to U.S. Small Business Administration, Disaster Area Office 1, 360 Rainbow Blvd. South, 3rd Floor, Niagara Falls, NY 14303.

**FOR FURTHER INFORMATION CONTACT:** A. Escobar, Office of Disaster Assistance, U.S. Small Business Administration, 409 3rd Street, Suite 6050, Washington, DC 20416.

**SUPPLEMENTARY INFORMATION:** The notice of the Presidential disaster declaration for the State of Pennsylvania dated 04/14/2005, is hereby amended to include the following areas as adversely affected by the disaster.

Primary Counties: Susquehanna.

All other information in the original declaration remains unchanged.

(Catalog of Federal Domestic Assistance Numbers 59002 and 59008)

**Cheri L. Cannon,**

*Acting Associate Administrator for Disaster Assistance.*

[FR Doc. 05-9650 Filed 5-13-05; 8:45 am]

BILLING CODE 8025-01-P

## DEPARTMENT OF STATE

[Public Notice 5081]

### 60-Day Notice of Proposed Information Collection: DS-7001 and SV-1999-011-A, DOS-Sponsored Academic Exchange Program Application and Evaluation, OMB Control No. 1405-0138

**ACTION:** Notice of request for public comments.

**SUMMARY:** The Department of State is seeking Office of Management and Budget (OMB) approval for the information collection described below. The purpose of this notice is to allow 60 days for public comment in the **Federal Register** preceding submission to OMB. We are conducting this process in accordance with the Paperwork Reduction Act of 1995.

- **Title of Information Collection:** DOS-sponsored Academic Exchange Program Application and Evaluation.
- **OMB Control Number:** 1405-0138.
- **Type of Request:** Revision of a Currently Approved Collection.
- **Originating Office:** Bureau of Educational and Cultural Affairs, ECA/A/E/EUR.
- **Form Number:** N/A.
- **Respondents:** Applicants, current participants, and program alumni.
- **Estimated Number of Respondents:** 20,500.
- **Estimated Number of Responses:** 20,500.
- **Average Hours Per Response:** 0.74.
- **Total Estimated Burden:** 15,250.
- **Frequency:** On occasion.
- **Obligation to Respond:** Voluntary.

**DATES:** The Department will accept comments from the public up to 60 days from May 16, 2005.

**ADDRESSES:** You may submit comments by any of the following methods:

- **E-mail:** [AlamiLT@state.gov](mailto:AlamiLT@state.gov). You must include the DS form number (if applicable), information collection title, and OMB control number in the subject line of your message.
- **Mail** (paper, disk, or CD-ROM submissions): ECA/A/E/EUR, Laura Alami, SA-44, Room 246, 301 Fourth Street, SW., Washington, DC 20547.
- **Fax:** 202-260-7985.
- **Hand Delivery or Courier:** Same as mailing address.

**FOR FURTHER INFORMATION CONTACT:** Direct requests for additional information regarding the collection listed in this notice, including requests for copies of the proposed information collection and supporting documents, to Laura Alami, U.S. Department of State, Bureau of Educational and Cultural

<sup>7</sup> CFR 200.30-3(a)(12).