

SECURITIES AND EXCHANGE COMMISSION

[Release 34-44831; File No. 600-22]

Self-Regulatory Organizations; MBS Clearing Corporation; Notice of Filing and Order Approving a Request for an Extension of Temporary Registration as a Clearing Agency

September 21, 2001.

Pursuant to Section 19(a) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on August 24, 2001, MBS Clearing Corporation ("MBSCC") filed with the Securities and Exchange Commission ("Commission") an application requesting that the Commission grant MBSCC full registration as a clearing agency or in the alternative extend MBSCC's temporary registration as a clearing agency until such time as the Commission is able to grant MBSCC permanent registration.² The Commission is publishing this notice and order to solicit comments from interested persons and to extend MBSCC's temporary registration as a clearing agency through March 31, 2002.

On February 2, 1987, pursuant to Sections 17A(b) and 19(a) of the Act³ and Rule 17Ab2-1 promulgated thereunder,⁴ the Commission granted MBSCC registration as a clearing agency on a temporary basis for a period of eighteen months.⁵ The Commission subsequently has extended MBSCC's registration through September 30, 2001.⁶

The Government Securities Clearing Corporation ("GSCC"), the Emerging Market Clearing Corporation ("EMCC"), and MBSCC are currently taking steps toward the integration of GSCC, EMCC, and MBSCC and the acquisition of these clearing agencies by The Depository Trust and Clearing Corporation. In order to have time to study the affect of the acquisition and integration on MBSCC's governance and organizational

structure, the Commission is extending MBSCC's registration as a clearing agency on a temporary basis through March 31, 2002.

Interested persons are invited to submit written data, views, and arguments concerning the foregoing application. Such written data, views, and arguments will be considered by the Commission in granting registration or institution proceedings to determine whether registration should be denied in accordance with Section 19(a)(1) of the Act.⁷ Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the amended application for registration and all written comments will be available for inspection at the Commission's Public Reference Room, 450 Fifth Street, N.W., Washington, D.C. 20549. All submissions should refer to File No. 600-22 and should be submitted by October 19, 2001.

It Is Therefore Ordered that MBSCC's temporary registration as a clearing agency (File No. 600-22) be and hereby is extended through March 31, 2002.

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. 34-44830; File No. SR-PCX-2001-37]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Pacific Exchange, Inc. Relating to Changes in Marketing Fees

September 21, 2001.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 30, 2001, the Pacific Exchange, Inc. ("PCX") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items the PCX has prepared. 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 PCX proposes to change the amount of the marketing fee that it currently imposes on options transactions. A copy of the proposed new schedule of fees is available at the PCX and at the Commission. The PCX also proposes to rebate excess marketing fees on a monthly rather than a quarterly basis.

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

In its filing with the Commission, the PCX included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it had received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The PCX has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of the statements.

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

The PCX currently collects a marketing fee of \$0.40 per market maker contract in equity options traded on the PCX.³ Trades between market makers, including trades between market makers and Lead Market Makers ("LMMs") are not subject to the marketing fee.

The PCX segregates the funds by trading post and makes the funds available to LMMs for their use in attracting orders in the options traded at the posts. The LMMs are obligated to account to the PCX for the use that they make of the funds. The LMMs, and not the PCX, make all determinations concerning the amount that they may pay for orders, as well as the types, sizes, and other factors relating to orders that qualify for payment. The PCX provides administrative support to the LMMs, keeping track of the number of qualified orders each firm directs to the PCX and making the necessary debits and credits to the accounts of the LMMs and member firms.

The PCX periodically rebates to PCX market makers the marketing fees that the LMMs have not paid to order flow

¹ 15 U.S.C. 78s(a).

² Letter from Jeffrey F. Ingber, Managing Director, General Counsel and Secretary, MBSCC (August 21, 2001).

³ 15 U.S.C. 78q-1(b) and 78s(a).

⁴ 17 CFR 240.17Ab2-1.

⁵ Securities Exchange Act Release No. 24046 (February 2, 1987), 52 FR 3218.

⁶ Securities Exchange Act Release Nos. 25957 (August 2, 1988), 53 FR 29357; 27079 (July 31, 1989), 54 FR 34212; 28492 (September 28, 1990), 55 FR 41148; 29751 (September 27, 1991), 56 FR 50602; 31750 (January 21, 1993), 58 FR 6424; 33348 (December 15, 1993), 58 FR 68183; 35132 (December 21, 1994), 59 FR 67743; 37372 (June 26, 1996), 61 FR 35281; 38784 (June 27, 1997), 62 FR 36587; 39776 (March 20, 1998), 63 FR 14740; 41211 (March 24, 1999), 64 FR 15854; 42568 (March 23, 2000), 65 FR 16980; and 44089 (March 21, 2001), 66 FR 1691.

⁷ 15 U.S.C. 78s(a)(1).

⁸ 17 CFR 200.30-3(a)(16).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 43290 (September 13, 2000), 65 FR 57213 (September 21, 2000) (order approving SR-PCX-00-30).