

Philadelphia Stock Exchange, Inc. ("PHLX") to be eligible to become SCCP participants. SCCP Rule 3 provides that, subject to certain conditions,³ any person who is a broker-dealer registered under the Act and a member in good standing of PHLX is eligible to be a SCCP participant.⁴ The rule change amends SCCP Rule 3 to permit holders of PHLX ETPs to be considered "members" of PHLX for purposes of SCCP's participant qualification requirements.⁵ ETP holders would thus be eligible to apply to be participants in SCCP.

The rule change also makes a corresponding amendment to Article 2 of SCCP's Articles of Incorporation. Article 2 currently includes as one of SCCP's corporate purpose the carrying of securities "for members, member firms and/or member corporation of the Philadelphia Stock Exchange. * * *" The rule change amends Article 2 to add a statement that SCCP's Board of Directors may determine by rule the identity of PHLX "members, member firms and/or member corporations."

II. Discussion

PHLX has proposed the creation of ETPs in order to reduce the cost of

³ SCCP approves applicants for participant status only upon a determination that the applicant meets certain standards of financial condition, operational capability, and character set forth in SCCP's rules. Each participant is required to make a contribution to the SCCP Participant's Fund and to comply with SCCP's By-laws and Rules as well as with a participant's agreement. ETP holders must apply for SCCP membership and will be subject to the same admission criteria as PHLX members.

⁴ The Commission has approved two rule changes proposed by PHLX. PHLX 00-02 adds new Article Twenty-First to PHLX's Certificate of Incorporation which enables PHLX to issue ETPs. PHLX 00-03 implements PHLX Rule 23 which sets forth the terms and conditions of the ETPs. Under PHLX Rule 23, holders of ETPs generally have the same rights under PHLX rules as PHLX members without options privileges except that ETP holders do not have the right to vote. ETPs are not transferable and their holders are not entitled to any residual interest in PHLX assets upon a liquidation of PHLX. Holders of ETPs are generally subject to the same obligations as PHLX members, except with respect to certain fees. Securities Exchange Act Release No. 45254 (January 9, 2002).

⁵ The amendment to SCCP Rule 3 states, "For purposes of this Rule 3 as well as all provisions of the Corporation's Certificate of Incorporation, By-laws, rules, regulations, requirements, orders, directions and decisions adopted or made in accordance therewith, holders of Equity Trading Permits ("ETPs") issued pursuant to PHLX Rule 23 shall be deemed to be members of PHLX, and holders of Regular ETPs issued pursuant to PHLX Rule 23 who transact business from a location on the PHLX's equity floor shall be deemed to be PHLX floor members." Off-Floor ETPs, the other class of ETPs, allows holders electronic and telephone access, but not physical access, to the Exchange floor. Accordingly, SCCP would treat ETP holders, regardless of class, just like PHLX members both in terms of SCCP participant qualification requirements and privileges of SCCP participant status.

access to the exchange's equity trading floor as well as to provide an opportunity to attract additional order flow and new business and services. All trades on the PHLX in equity securities are processed through SCCP and require a SCCP participant to be involved. ETP holders will not be required to be SCCP participants themselves. Like PHLX members, ETP holders may elect instead to enter into a correspondent arrangement with another SCCP participant whereby the SCCP participant assumes responsibility for the clearance and settlement of the ETP holder's trades. The herein approved amendments to SCCP Rule 3 and SCCP's Articles of Incorporation simply assure that those ETP holders wishing to become SCCP participants themselves will be treated by SCCP in the same fashion as SCCP participants who are PHLX members. In doing so, the amendments also provide a clear basis upon which the SCCP board of directors can determine by rule, as and when future circumstances may warrant, the identity of such "members, member firms and/or member corporations."

Section 17A(b)(3)(F) of the Act requires that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions.⁶ The Commission believes that the approval of SCCP's Rule 3 change and Article 2 amendment is consistent with this section because these changes allow holders of ETPs issued by the PHLX to be eligible to become SCCP participants just as PHLX members are. As a result, more broker-dealers will have access to and be able to utilize SCCP.

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-SCCP-00-01) be and hereby is approved.⁷

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

Margaret H. McFarland,

Deputy Secretary.

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⁶ 15 U.S.C. 8q-1(b)(3)(F).

⁷ 17 CFR 200.30-3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45265; File No. SR-SCCP-2001-06]

Self-Regulatory Organizations; Stock Clearing Corporation of Philadelphia; Order Approving a Proposed Rule Change to Increase the Margin Threshold for Margin Members in Certain Nasdaq National Market Securities

January 10, 2002.

On April 30, 2001, the Stock Clearing Corporation of Philadelphia ("SCCP") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-SCCP-00-06) pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").¹ Notice of the proposal was published in the **Federal Register** on July 26, 2001.² On July 26, 2001, SCCP amended the proposed rule change.³ No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

I. Description

SCCP Rule 9 provides in part that SCCP will provide margin accounts for margin members that clear and settle their transactions through SCCP's omnibus clearance and settlement account. SCCP provides margin for such accounts based on SCCP's Rule 9 and other relevant SCCP rules, by-laws, and procedures and Regulation T of the Board of Governors of the Federal Reserve System. Currently, margin members who are designated as specialists or alternate specialists in an exchange listed security have a margin financing threshold rate of 15 percent for positions in those securities held in their specialist accounts. Members holding positions for which they are not designated as specialist or alternative specialist have a non-specialist margin rate of 50 percent. Pursuant to Rule 9, SCCP may issue margin calls to any margin member when the margin requirement exceeds the account equity.

The rule change amends SCCP's providers to specify a margin financing threshold rate of 25 percent for members registered as specialists and alternate specialists in Nasdaq NM securities. It should be noted that the Philadelphia Stock Exchange, Inc. ("Phlx") has recently reinstated its over the counter/

¹ 15 U.S.C. 78s(b)(1).

² Securities Exchange Act Release No. 44582 (July 20, 2001), 66 FR 39071.

³ The amendment was technical in nature and did not require republication of the notice.

unlisted trading privileges ("OTC/UTP") pilot program for trading activity during regular trading hours.⁴ SCCP expects that some of its margin members will be registered in certain of the eligible Nasdaq NM securities once the Phlx begins trading Nasdaq NM securities again.

It also should be noted that no other aspects of the SCCP procedures respecting Rule 9 are being modified. The rule change establishes a margin financing threshold rate of 25 percent for margin members registered as specialists or alternative specialists in certain Nasdaq NM securities.

II. Discussion

Section 17A(b)(3)(F)⁵ 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 the clearing agency is responsible. Once the Phlx begins trading Nasdaq NM securities again, it will be prudent for SCCP to require a higher margin financing threshold rate (25 percent) for Nasdaq NM securities than for exchange listed securities (15 percent).⁶ Accordingly, the Commission finds that the higher margin financing threshold rate for Nasdaq NM securities should help SCCP meet its statutory safeguarding obligations.

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(b)(3)(F) 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-SCCP-2001-06) be and hereby is approved.

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

Margaret H. McFarland,

Deputy Secretary.

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⁴ Securities Exchange Act Release No. 45182 (December 20, 2001), 66 FR 67609 (December 31, 2001) [File No. SR-Phlx-00-20]

⁵ 15 U.S.C. 78q-1(b)(3)(F).

⁶ SCCP recently reviewed volatility levels for the Nasdaq 100 index and Nasdaq Composite index as compared to the Dow Jones Industrial average and the NYSE Composite index indicated significantly higher volatility levels over 10 day, 20 day, 50 day, and 90 day time periods.

⁷ 17 CFR 200.30-3(a)(12).

SMALL BUSINESS ADMINISTRATION

Data Collection Available for Public Comments and Recommendations

ACTION: Notice and request for comments.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, this notice announces the Small Business Administration's intentions to request approval on a new, and/or currently approved information collection.

DATES: Submit comments on or before March 18, 2002.

ADDRESSES: Send all comments regarding whether this information collection is necessary for the proper performance of the function of the agency, whether the burden estimates are accurate, and if there are ways to minimize the estimated burden and enhance the quality of the collection, to Carol Walker, Chief, Office of Civil Rights Compliance Small Business Administration, 409 3rd Street, SW., Suite 6400, Washington DC 20416

FOR FURTHER INFORMATION CONTACT: Carol Walker, Chief, Civil Rights Compliance (202) 205-7149 or Curtis B. Rich, Management Analyst, (202) 205-7030.

SUPPLEMENTARY INFORMATION:

Title: Notice to New Borrowers.

Form No: 793.

Description of Respondents:

Companies are requested to keep records in order for SBA to determine the compliance status of recipient.

Annual Responses: 24,985.

Annual Burden: 5,767.

ADDRESSES: Send all comments regarding whether these information collections are necessary for the proper performance of the function of the agency, whether the burden estimates are accurate, and if there are ways to minimize the estimated burden and enhance the quality of the collections, to Sandra Johnston, Program Analyst, Office of Financial Assistance Small Business Administration, 409 3rd Street, SW., Suite 8300, Washington DC 20416.

FOR FURTHER INFORMATION CONTACT: Sandra Johnston, Program Analyst (202) 205-7528 or Curtis B. Rich, Management Analyst, (202) 205-7030.

Title: Statement of Personal History.

Form No: 1081.

Description of Respondents: Certified Development Companies.

Annual Responses: 300.

Annual Burden: 75.

Title: Servicing Agent Agreement.

Form No: 1506.

Description of Respondents: Certified Development Companies.

Annual Responses: 4,200.

Annual Burden: 4,200.

Jacqueline White,

Chief, Administrative Information Branch.

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SMALL BUSINESS ADMINISTRATION

Public Federal Regulatory Enforcement Fairness Roundtable; Region IV Regulatory Fairness Board

The Small Business Administration Region IV Regulatory Fairness Board and the SBA Office of the National Ombudsman, will hold a Public Roundtable on Thursday, January 17, 2002 at 1 p.m. at Capital Plaza Holiday Inn, 405 Wilkinson Blvd., Frankfort, Kentucky 40601, to provide small business owners and representatives of trade associations with an opportunity to share information concerning the federal regulatory enforcement and compliance environment.

Anyone wishing to attend or to make an oral presentation must contact Jeri Grant in writing or by fax, in order to be put on the agenda. Jeri Grant, Kentucky District Office, U.S. Small Business Administration, Room 188, 600 Dr. Martin Luther King, Jr. Place, Louisville, KY 40202, Phone (502) 582-5971 ext. 224, fax (502) 582-5009, e-mail jeri.grant@sba.gov.

For more information see our web site at http://www.sba.gov/ombudsman/events/dsp_roundtable.html.

Steve Tupper,

Committee Management Officer.

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SMALL BUSINESS ADMINISTRATION

Region V—Minnesota District Advisory Council Public Meeting

The Small Business Administration Region V Minnesota District Advisory Council, located in the geographical area of Minneapolis, Minnesota, will hold a public meeting at 11:30 a.m. central time on Friday, February 8, 2002, at Maria's Café, 1113 Franklin Avenue East, Minneapolis, MN 55404, to discuss such matters as may be presented by members, staff of the Small Business Administration, or others present.

Anyone wishing to make an oral presentation to the Board must contact Edward A. Daum, District Director, in writing by letter or fax no later than February 7, 2002, in order to be put on the agenda. Edward A. Daum, District