

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48896; File No. SR-NSCC-2003-18]

### Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to an Enhancement to the Insurance Processing Service

December 9, 2003.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on September 22, 2003, the National Securities Clearing Corporation ("NSCC") 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 NSCC. 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 proposed rule change will modify NSCC's Rule 57, Section 1, to allow NSCC's members, insurance carrier members, and data services-only members to submit application information and to settle premium payments with respect to life insurance products by adding a new service called Portal.

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

In its filing with the Commission, NSCC 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. NSCC has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.<sup>2</sup>

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

The purpose of the proposed rule change is to enhance NSCC's Insurance Processing Service ("IPS") by allowing

NSCC's members, insurance carrier members, and data services only members to submit application information and to settle premium payments with respect to life insurance products.

Unlike other parts of the financial services industry, the life insurance and annuity industries rely heavily on manual processing and one-off communications to process the sale of their products. The lack of technology, absence of standards, and resulting lengthy delays in the sales process contribute to a typical lag of 30 to 90 days between the initial sale by the sales person or distributor and the issuance by the insurance carrier of a life insurance policy.

IPS currently offers many services that help automate and standardize certain aspects of the processing of annuities and life insurance. However, there are many aspects of this processing that fall outside of current IPS capabilities. For example, IPS currently allows its users to transmit information through IPS regarding annuities applications as part of the Initial Application Information ("APP") function, but the APP function does not accommodate life insurance applications. In addition, not all potential users of IPS have programmed their systems to allow full access to existing IPS services.

To remedy some of the problems outlined above, NSCC proposes to introduce a system called "Portal" that will handle annuities and life insurance applications through APP. Users will access Portal through a software package provided by NSCC that will allow users to more easily access certain IPS functions without undertaking all of the internal programming that they would otherwise have to do.

In addition, because there are other functions that distributors of life insurance and annuity products must perform between the sale of the product and its issuance, NSCC is contracting with third party service providers that offer these functions. These functions include producer education (*i.e.*, registered representatives who work for members or data services only members who help distributors and producers fulfill their educational requirements for offering products under state law); producer licensing (helps to streamline the licensing process for distributors to have their producers become licensed by states and facilitates the exchange of information relating to licensees); product profile repository (provides a database of generic details regarding individual life insurance and annuity products); electronic submission of new

business (provides electronic application forms of various insurance carriers that can be filled out and transmitted electronically); call center (teleunderwriting that gathers data required for an annuity or life insurance application provided by applicants); requirements ordering (arranges with third parties for medical examinations, review of driving records, credit history check, etc.); and case management (manages the case, including obtaining all necessary information for the electronic application prior to the underwriting process, oversees the integration of information from the call center and requirements outsourcing processes, and performs quality assurance functions).

NSCC will charge Portal users through the NSCC settlement system.<sup>3</sup> The users will be subject to the service standards offered to NSCC by these service providers. Portal will be subject to the same liability standard as with other features of IPS.<sup>4</sup>

NSCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder since it will facilitate the prompt and accurate processing of transactions.

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

NSCC does not believe that the proposed rule change will have an impact on or impose a 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 relating to the proposed rule change have been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

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

The foregoing rule change has become effective pursuant to Section

<sup>3</sup> The proposed fee schedule for Portal users is being developed and will be filed with the Commission at a later date.

<sup>4</sup> NSCC's Rule 57, Section 6 states: "[NSCC] will not be responsible for the completeness or accuracy of the IPS Data received from or transmitted to an Insurance Carrier Member, Member or Data Services Only Member through IPS nor for any errors, omissions or delays which may occur in the absence of gross negligence on [NSCC]'s part, in the transmission of such IPS Data to or from an Insurance Carrier Member, or Data Services Only Member."

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> The Commission has modified the text of the summaries prepared by NSCC.

19(b)(3)(A)(iii) of the Act<sup>5</sup> and Rule 19b-4(f)(6) thereunder<sup>6</sup> because it effects a change that does not significantly affect the protection of investors or the public interest, does not impose any significant burden on competition, and does not become operative for 30 days after the date of the filing. At any time within sixty days of the filing of such rule change, the Commission could have summarily abrogated such rule change if it appeared to the Commission that such action was 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 5th Street NW., Washington, DC 20549-0069. Comments may also be submitted electronically at the following e-mail address: [rule-comments@sec.gov](mailto:rule-comments@sec.gov). All comment letters should refer to File No. SR-NSCC-2003-18. 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, comments should be sent in hardcopy or by e-mail but not by both methods. Copies of the submission, all subsequent amendments, all written statements with respect to the rule filing that are filed with the Commission, and all written communications relating to the rule filing between the Commission and any person, other than those that may be withheld from the public in accordance with provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room in Washington, DC. Copies of such filing will also be available for inspection and copying at NSCC's principal office and on NSCC's Web site at <http://www.nsc.com/legal/>. All submissions should refer to File No. SR-NSCC-2003-18 and should be submitted by January 8, 2004.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 03-31213 Filed 12-17-03; 8:45 am]

**BILLING CODE 8010-01-P**

## DEPARTMENT OF STATE

### Office of Oceans Affairs

[I.D. 120103G]

#### New Conservation Measures for Antarctic Fishing Under the Auspices of CCAMLR

**AGENCY:** Office of Oceans Affairs, Department of State.

**ACTION:** Notice.

**SUMMARY:** At its Twenty-Second Meeting in Hobart, Tasmania, from October 27 to November 7, 2003, the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR), of which the United States is a member, adopted conservation measures, pending countries' approval, pertaining to fishing in the CCAMLR Convention Area. All the measures were agreed upon in accordance with Article IX of the Convention for the Conservation of Antarctic Marine Living Resources. Measures adopted restrict overall catches of certain species of fish and crabs, restrict fishing in certain areas, specify implementation and inspection obligations supporting the Catch Documentation Scheme of Contracting Parties, and promote compliance with CCAMLR measures by non-Contracting Party vessels. This notice includes the full text of the conservation measures adopted at the Twenty-Second meeting of CCAMLR. For all of the conservation measures in force, see the CCAMLR Website at <http://www.ccamlr.org>. This notice, therefore, together with the U.S. regulations referenced under the **SUPPLEMENTARY INFORMATION** provides a comprehensive register of all current U.S. obligations under CCAMLR.

**DATES:** Persons wishing to comment on the measures or desiring more information should submit written comments by January 20, 2004.

**FOR FURTHER INFORMATION CONTACT:** Matthew V. Cassetta, Office of Oceans Affairs (OES/OA), Room 5805, Department of State, Washington, DC 20520; tel: 202-647-3947; fax: 202-647-9099; e-mail: [cassettamv@state.gov](mailto:cassettamv@state.gov).

**SUPPLEMENTARY INFORMATION:** Individuals interested in CCAMLR

should also see 15 CFR Chapter III-International Fishing and Related Activities, Part 300-International Fishing Regulations, Subpart A-General; Subpart B-High Seas Fisheries; and Subpart G-Antarctic Marine Living Resources, for other regulatory measures related to conservation and management in the CCAMLR Convention area. Subpart B notes the requirements for high seas fishing vessel licensing. Subparts A and G describe the process for regulating U.S. fishing in the CCAMLR Conventional area and contain the text of CCAMLR Conservation Measures that are not expected to change from year to year. The regulations in Subparts A and G include sections on; Purpose and scope; Definitions; Relationship to other treaties, conventions, laws and regulations; Procedure for according protection to CCAMLR Ecosystem Monitoring Program Sites; Scientific Research; Initiating a new fisher; Exploratory fisheries; Reporting and record keeping requirements; Vessel and gear identification; Gear disposal; Mesh Size; Harvesting permits; Import permits; Appointment of a designated representative; Prohibitions; Facilitation of enforcement and inspection; and Penalties.

The Commission agreed that the following conservation measures will remain in force in 2003/04: compliance: 10-01 (1998), 10-02 (2001), 10-03 (2002), 10-04 (2002) and 10-06 (2002); general fishery matters: 21-01 (2002), 21-02 (2002), 22-01 (1986), 22-02 (1984), 22-03 (2002), 23-02 (1993), 23-03 (1991), 23-04 (2000), 23-05 (2000), 23-06 (2002), 25-01 (1996), 31-01 (1986), 32-01 (2001), 32-02 (1998), 32-03 (1998), 32-04 (1986), 32-05 (1986), 32-06 (1985), 32-07 (1999), 32-08 (1997), 32-10 (2002), 32-11 (2002), 32-12 (1998), 33-01 (1995), 41-03 (1999), 51-01 (2002), 51-02 (2002) and 51-03 (2002); protected areas: 91-01 (2002), 91-02 (2002) and 91-03 (2002).

At its twenty-second meeting in Hobart, Tasmania, the Commission agreed that the following resolutions will remain in force in 2003/04: Resolutions 7/IX, 10/XII, 14/XIX, 16/XIX, 17/XX, 18/XXI and 19/XXI. The Commission had also considered the implementation of a C-VMS. Although significant progress had been made, the Commission did not reach consensus at the most recent meeting. As a result, Conservation Measure 10-04 and Resolution 16/XIX remain in force.

New and Revised Conservation Measures. The Commission revised the following conservation measures at its twenty-second meeting: compliance: 10-05 (2002) and 10-07 (2002); general

<sup>5</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>6</sup> 17 CFR 240.19b-4(f)(6).

<sup>7</sup> 17 CFR 200.30-3(a)(12).