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 these statements.[2]

(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 (i) adjust the fees NSCC charges for trade recording, (ii) establish fees for the Cost Basis Reporting Service, and (iii) eliminate Archival Microfiche fees.

Pursuant to the proposed rule change, the fee for trade recording for each side of each stock, warrant, or other right entered for settlement has been reduced from $0.003 to $0.0025 per 100 shares with a minimum fee of $0.0075 and a maximum fee of $0.15 (reduced from $0.009 and $0.18, respectively). In addition, the fee for use of the Cost Basis Reporting Service, which had been operating on a pilot basis during which no fee was charged, will be $0.09 per asset. The Archival Microfiche fees have been eliminated because this format is no longer provided due to more preferred alternative means for providing archival reports. Members were notified of the proposed elimination and the alternative means of receiving archival reports in an Important Notice (A #5671, P&S #524) dated August 29, 2003. These proposed fee revisions are consistent with NSCC's overall pricing philosophy to align service fees and underlying cost.

The proposed rule change is consistent with Section 17A(b)(3)(D) of the Act[3] and the rules and regulations thereunder because it allows for the equitable allocation of reasonable dues, fees, and other charges among NSCC's members.

(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 upon filing pursuant to Section 19(b)(3)(A)(ii) of the Act[4] and Rule 19b–4(f)(2)[5] thereunder because the proposed rule establishes or changes a due, fee, or other charge. At any time within sixty days of the filing of such rule change, the Commission may summarily abrogate such 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. Comments may also be submitted electronically at the following e-mail address: *rule-comments@sec.gov.* All comment letters should refer to File No. SR–NSCC–2003–23. 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 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 Section, 450 Fifth Street, NW., Washington, DC 20549–0609. Copies of such filing also will be available for inspection and copying at the principal office of NSCC and on NSCC's Web site at *www.NSCC.com/legal/.* All submissions should refer to File No. SR–NSCC–2003–23 and should be submitted by February 24, 2004.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[6]

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 04–2091 Filed 2–2–04; 8:45 am]

BILLING CODE 8010–01–U

[2] The Commission has modified the text of the summaries prepared by NSCC.

[3] 15 U.S.C. 78q–1(b)(3)(D).

[4] 15 U.S.C. 78s(b)(3)(A)(ii).

[5] 17 CFR 240.19b–4(f)(2).

[6] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–49123; File No. SR–NSCC–2003–11]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of Proposed Rule Change To Amend the Criteria Used To Place Members on Surveillance Status and To Eliminate Member and Applicant Financial Responsibility and Operational Capability Questionnaires

January 23, 2004.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on May 27, 2003, the National Securities Clearing Corporation (''NSCC'') filed with the Securities and Exchange Commission (''Commission'') and on June 17, 2003, and September 15, 2003, amended the proposed rule change 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 parties.

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

NSCC is seeking to amend the criteria it uses to place members on surveillance status and to eliminate member and applicant financial responsibility and operational capability questionnaires.

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

[1] 15 U.S.C. 78s(b)(1).

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 these statements.[2]

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

Under the current NSCC rules, management has the ability to place on surveillance status a member that is experiencing conditions which may have an adverse financial or operational impact on NSCC. Once placed on surveillance status, NSCC closely monitors the member's condition. The current criteria for placing members on surveillance status are broadly written and capture many NSCC members that pose minimal financial or operational risk to NSCC. This creates administrative burdens for NSCC staff who must more closely monitor these members who pose minimal risk.

To remedy this problem, NSCC has developed new criteria for placing members on surveillance. Specifically, all full service firms for which NSCC guarantees their trades will be assigned a rating that is generated by entering financial data of the member into a matrix (''Matrix'') developed by Credit Risk staff.[3] Those members with a ''weak'' rating, which are deemed to pose a relatively higher degree of risk to NSCC, will be placed on an internal ''Watch List'' and will be monitored more closely by Credit Risk staff.[4] Members placed on the Watch List may be required to submit additional financial reports and data and/or make additional Clearing Fund deposits.

Currently, Addendums B, I, Q, and R (Standards of Financial Responsibility and Operational Capability for Settling, Fund, Insurance Carrier, and Third Party Administrator members and applicants, respectively) include questionnaires that members and applicants are required to complete and return to NSCC. NSCC Rule 15, Section 2 also provides that NSCC has the authority to examine the financial responsibility and operational capability of members and applicants. In conducting such examinations, NSCC may require a member or applicant to furnish such information as deemed sufficient by NSCC to demonstrate its financial responsibility and operational capability.

NSCC has determined to rely on its ability under Rule 15, Section 2 to obtain pertinent information for members and applicants rather than require responses to specific questionnaires. NSCC will solicit such information in such form and within such timeframes as it may require from time to time.

NSCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act[5] and the rules and regulations thereunder applicable to NSCC because it will facilitate the safeguarding of securities and funds which are in its custody or control or for which it is responsible and in general will protect investors and the public interest by improving NSCC's member surveillance process.

(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

Within thirty-five 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 ninety 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 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. Comments may also be submitted electronically at the following e-mail address: *rule-comments@sec.gov*. All comment letters should refer to File No. SR–NSCC–2003–11. 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 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 Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of NSCC and on NSCC's Web site at *www.nscc.com/legal/*.

All submissions should refer to File No. SR–NSCC–2003–11 and should be submitted by February 24, 2004.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.[6]

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 04–2143 Filed 2–2–04; 8:45 am]

BILLING CODE 8010–01–P

[2] The Commission has modified the text of the summaries prepared by NSCC.

[3] NSCC's approach to the analysis of members will be based on a thorough quantitative analysis. A broker-dealer member's rating on the Matrix will be based on factors including size (*i.e.* total excess net capital), capital, leverage, liquidity, and profitability. Banks will be reviewed based on size, capital, asset quality, earnings, and liquidity.

[4] Members will also be evaluated based on their compliance with certain ''parameter breaks'' which will be determined based on applicable monthly and/or quarterly exception reports generated by Credit Risk staff. A member may be placed on the Watch List for failure to fall within, for example, prescribed excess net capital, excess liquid capital, aggregate indebtedness, leverage ratio, or financial membership requirement parameters.

[5] 15 U.S.C. 78q–1.

[6] 17 CFR 200.30–3(a)(12).

DEPARTMENT OF STATE

[Public Notice 4602]

Request for Proposals: Program for Research and Training on Eastern Europe and the Independent States of the Former Soviet Union (Title VIII)

SUMMARY: The Department of State invites organizations with substantial experience in conducting research and training to serve as intermediaries administering nationwide competitive