

PCAOB's core functions of registration, inspection, enforcement, and standards-setting."

In accordance with its responsibilities to oversee the PCAOB, the Commission reviewed both the original and revised budgets filed by the PCAOB for 2005 and its aggregate accounting support fee for 2005, which will fund the PCAOB's expenditures. During the course of the Commission's review, among other things, the Commission staff reviewed and relied upon representations and supporting documentation from the PCAOB.

The Commission did not identify any proposed disbursements in the revised budget that are not properly recoverable through the annual accounting support fee, and the Commission believes that the revised aggregate proposed 2005 annual accounting support fee does not exceed the PCAOB's aggregate recoverable budget expenses for 2005.

The Commission recognizes that the PCAOB is continuing to develop its infrastructure and will be increasing its staffing levels significantly in 2005 in order to fulfill its responsibilities under the Act. However, during the next budget cycle, the PCAOB will have substantially completed its start-up activities and finished a full year of inspections, including inspections of the eight largest registered public accounting firms and a number of smaller registered public accounting firms. As the PCAOB already has agreed, prior to the Commission's review of the 2006 PCAOB budget, the Commission expects to have received: (i) The PCAOB's long-range strategic plan for its operations and budget, (ii) a self-assessment of its internal controls for its operations and budget, and (iii) a briefing regarding the Commission's initial inspection of the PCAOB, as contemplated by Section 107(a) of the Act, in order to enable the Commission to assess whether the PCAOB is fulfilling its statutory responsibilities. Because of the specialized subject matter of the PCAOB's operations, we expect that the Commission's examinations of the PCAOB will draw on the expertise of several offices within the Commission, including the Office of Compliance, Inspections and Examinations and the Office of the Chief Accountant. Together, these offices will ensure that the Commission's examinations of the PCAOB are tailored to its specific operations.

Based on the foregoing, the Commission has determined that the PCAOB's revised 2005 budget and annual accounting support fee are consistent with Section 109 of the Act. Accordingly,

It is ordered, pursuant to Section 109 of the Act, that the PCAOB budget and annual accounting support fee for calendar year 2005 are approved.

By the Commission.

L. Lynn Taylor,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-51300; File No. SR-PCX-2005-24]

Self-Regulatory Organizations; Pacific Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to PCXE Rules 4.5 and 6.18(d), Relating to Compliance Date for the Series 24 and Series 27 Examination Requirements for ETP Holders

March 2, 2005.

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 February 18, 2005, the Pacific Exchange, Inc. ("PCX" or "Exchange"), through its wholly owned subsidiary PCX Equities, Inc. ("PCXE"), filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by PCXE. PCXE filed this proposal pursuant to Section 19(b)(3)(A)³ of the Act and Rule 19b-4(f)(3) thereunder,⁴ which renders the proposal effective upon filing with the Commission. 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

PCXE proposes to amend PCXE Rule 4.5 to extend the compliance deadline for financial/operations principals of PCXE ETP firms to successfully complete the National Association of Securities Dealers, Inc.'s ("NASD") Financial and Operations Principal Examination ("Series 27 Examination") until September 30, 2005. PCXE also proposes to amend PCXE Rule 6.18(d) to extend the deadline for compliance supervisors of PCXE ETP firms to successfully complete the NASD's General Securities Principal

Examination ("Series 24 Examination") until September 30, 2005. The text of the proposed rule change is available on PCX's web site (http://www.pacificex.com/legal/legal_pending.html), at the PCX's Office of the Secretary, and at the Commission's Public Reference Room.

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

In its filing with the Commission, PCXE included statements concerning the purpose of and basis for its proposal and discussed any comments it received regarding the proposal. The text of these statements may be examined at the places specified in Item IV below. PCXE 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

The Commission recently approved a rule proposal by the Exchange to amend PCXE Rule 4.5 and add PCXE Rule 6.18(d) to require all financial/operations principals of PCXE Equity Trading Permit Holders ("ETP") Firms to successfully complete the Series 27 Examination and to require all compliance supervisors of PCXE ETP Firms to successfully complete the Series 24 Examination.⁵ Both rules contained compliance deadlines of March 31, 2005. The purpose of this filing is to extend the compliance deadline until September 30, 2005. For ETP Holders to become compliant with the approved rules they either need to study for and pass the Series 24 and 27 Examinations or hire individuals who have already passed these examinations. The Commission approved these rules on January 14, 2005 and the notice approving these rules appeared in the **Federal Register** on January 24, 2005.⁶ The Exchange believes that providing ETP Holders with only two months time to become compliant with the recently approved rules is neither sufficient nor practical. In addition, the Exchange underestimated the number of ETP Holders who would be affected by this rule change as well as the impact it would have on all ETP Holders, especially the smaller ETP Holders. Therefore, extending the compliance

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(3).

⁵ See Securities Exchange Act Release No. 51038 (January 14, 2005), 70 FR 03417 (January 24, 2005) (SR-PCX-2004-96).

⁶ See *supra* note 5.

deadline until September 30, 2005 is necessary to give ETP Holders a reasonable amount of time come into compliance with the new rules.

2. Statutory Basis

PCXE believes that the proposed rule change is consistent with Section 6(b) of the Act⁷ in general, and further the objectives of Section 6(b)(5) of the Act⁸ in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

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

PCXE does not believe that the proposed rule change will impose 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

The foregoing proposed rule change has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act⁹ and Rule 19b-4(f)(3)¹⁰ thereunder because it constitutes a stated policy with respect to the enforcement of an existing rule of the self-regulatory organization. At any time within 60 days of the filing of such proposed 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. 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. Please include File Number SR-PCX-2005-24 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-PCX-2005-24. 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 PCX. 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-PCX-2005-24 and should be submitted on or before March 30, 2005.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-51302; File No. SR-Phlx-2005-09]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Fees for Data Provided to Streaming Quote Traders Trading Options on the Exchange's Electronic Trading Platform, Phlx XL

March 2, 2005.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4² thereunder, notice is hereby given that on January 28, 2005, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") 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 the Phlx. The proposed rule change has been filed by the Phlx as establishing or changing a due, fee, or other change, pursuant to Section 19(b)(3)(A)(ii) of the Act,³ and Rule 19b-4(f)(2)⁴ thereunder, which renders the proposal effective upon filing with the Commission. 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 Phlx proposes to amend its fee schedule relating to its electronic trading platform for options, Phlx XL.⁵ Specifically, the Exchange proposes to establish charges applicable to Exchange Registered Options Traders ("ROTs") that submit proprietary electronic quotations ("streaming quotes").⁶

The Exchange has determined to charge SQTs a 100% pass-through charge relating to costs borne by the Exchange for data it will provide to SQTs who desire to obtain real-time underlying data to enable them to price the overlying options (known as "Hyperfeed" costs)⁷ in addition to any

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ See Securities Exchange Act Release No. 49832 (June 8, 2004), 69 FR 33442 (June 15, 2004) (SR-Phlx-2003-59).

⁶ Such ROTs are known as Streaming Quote Traders ("SQTs"). See Exchange Rule 1014(b).

⁷ SQTs trading options on Phlx XL generally use handheld devices for the purpose of streaming quotations in options in which they are assigned. The Exchange does not supply the handheld devices; SQTs generally obtain the handheld

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

⁹ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁰ 17 CFR 240.19b-4(f)(3).

¹¹ 17 CFR 200.30-3(a)(12).