

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-51380; File No. SR-PCX-2005-29]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Pacific Exchange, Inc. Regarding Q Orders

March 16, 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 March 9, 2005, the Pacific Exchange, Inc. (“PCX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by PCX. The Exchange filed this proposal as a “non-controversial” rule change pursuant to Section 19(b)(3)(A) of the Act,³ and Rule 19b-4(f)(6) 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

PCX, through its wholly-owned subsidiary PCX Equities, Inc. (“PCXE”), proposes to amend its rules governing the Archipelago Exchange (“ArcaEx”), the equities trading facility of PCXE. With this filing, the Exchange proposes to amend its rule describing Q Orders.

The text of the proposed rule change appears below. Proposed deletions are in brackets.

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Rules of PCX Equities, Inc.

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Rule 7

Equities Trading

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Orders and Modifiers

Rule 7.31 (a)–(j)—No change.

Rule 7.31 (k) Q Order.

(1) A Q Order is a limit order submitted to the Archipelago Exchange by a Market Maker. [A Q Order may not be a Working Order.]

(2) Auto Q Order. A Q Order may be designated as an Auto Q Order that

would automatically repost a Q Order after an execution in the ArcaEx book at a designated increment [inferior to the price at which it was originally posted] and for the same amount of shares. After an execution, the Auto Q order would continue to repost in the ArcaEx book pursuant to Rule 7.36 and would be assigned a new price time priority as of the time of each reposting at the determined increment and size until the total tradable size threshold is reached. When entering an Auto Q Order, a Market Maker would establish the following parameters: (i) price; (ii) size; (iii) buy or sell; (iv) increment update; and (v) total tradable size.

(l)–(hh)—No change

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

In its filing with the Commission, PCX 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. PCX 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

As part of its continuing efforts to enhance participation on the ArcaEx facility, the PCX is proposing to amend PCXE Rule 7.31(k) to provide market makers with additional Q Order functionality by allowing (i) reserve capability and (ii) re-posting Auto Q Orders at the same price.

Currently, PCXE Rule 7.31(k) requires Auto Q Orders to be re-posted at increments inferior to the price at which they were originally posted. ArcaEx proposes to modify language of PCXE Rule 7.31(k) to enable re-posting at any increment. Currently, PCXE Rule 7.31(k) does not allow Q Orders to be Working Orders. ArcaEx proposes removing the limitation that Q Orders may not be Working Orders to allow Q Orders reserve capability.

The proposed changes to the Q Order functionality are similar to the Auto Quote Refresh (“AQR”) functionality currently available to Nasdaq market makers as described in NASD Rule 4710(b)(2)(B). For example, the AQR refreshes a market maker’s quote when

it is decremented to an amount and price level designated by the market maker. The Auto-Q Order functions in the same manner in that the Q Order is updated upon an execution at the size of the original Q order and at a price level designated by the market maker. Further, the AQR provides reserve capability. Accordingly, ArcaEx seeks to provide that same functionality.

The Exchange believes that implementing these changes will provide ETP Holders with greater opportunities for executing orders and attract additional market maker participation on the ArcaEx system. Furthermore, the Exchange believes the proposed changes are merely technical changes to the existing Q Order functionality.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁵ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁶ in particular, in that 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 mechanisms of a free and open market and a national market system.

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

The Exchange 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 on the proposed rule change were neither solicited nor received.

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

The proposed rule change has been designated by the PCX as a “non-controversial” rule change pursuant to Section 19(b)(3)(A) of the Act⁷ and subparagraph (f)(6) of Rule 19b-4 thereunder.⁸ The foregoing rule change: (1) Does not significantly affect the

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)(6).

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f)(6).

protection of investors or the public interest, (2) does not impose any significant burden on competition, and (3) by its terms does not become operative for 30 days after the date of filing, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest. Consequently, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act⁹ and Rule 19b-4(f)(6) thereunder.¹⁰

Pursuant to Rule 19b-4(f)(6)(iii), a proposed "non-controversial" rule change does not become operative for 30 days after the date of filing, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest. The PCX has requested that the Commission waive the 30-day operative delay. The Commission has determined that it is consistent with the protection of investors and the public interest to waive the 30-day operative delay.¹¹ Accelerating the operative date will allow the PCX to immediately allow Q Orders reserve capability, and to enable re-posting at any increment. At any time within 60 days of the filing of the 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 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-2005-29 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-2005-29. 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 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 the Exchange. 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-2005-29 and should be submitted on or before April 12, 2005.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹²

Margaret H. McFarland,

Deputy Secretary.

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BILLING CODE 8010-01-P

SOCIAL SECURITY ADMINISTRATION

Notice Announcing Implementation of Sections 302 and 303 of the Social Security Protection Act of 2004

AGENCY: Social Security Administration (SSA).

ACTION: Notice.

SUMMARY: The purpose of this notice is to announce that the Social Security Administration (SSA) has implemented sections 302 and 303 of the Social Security Protection Act of 2004 (SSPA). Section 302 of the SSPA extends the current attorney fee withholding and payment process under title II of the Social Security Act (the Act) to claims

for benefits under title XVI of the Act. Section 303 of the SSPA requires the Commissioner of Social Security (the Commissioner) to develop and implement a five-year nationwide demonstration project that extends to certain non-attorney representatives of claimants under titles II and XVI of the Act the option to have approved representatives' fees withheld and paid directly from a beneficiary's past-due benefits.

FOR FURTHER INFORMATION CONTACT:

Michael Zambonato, Social Security Administration, Office of Income Security Programs, 2709 Rolling Road, Baltimore, MD 21244, (410) 965-5419.

SUPPLEMENTARY INFORMATION: Pursuant to section 303(d) of the SSPA, the Commissioner notified Congress on February 28, 2005, of our completion of the actions necessary to fully implement the requirements for full operation of the demonstration project on fee withholding for non-attorneys. Accordingly, the five-year period of the demonstration project under section 303 began on February 28, 2005. As provided in section 302(c) of the SSPA, the extension of the current representative fee withholding and payment process under title II of the Act to claims for benefits under title XVI of the Act also became effective for favorably decided cases effectuated on or after February 28, 2005.

Additional information on the implementation of section 302 can be found in operating instructions that we have issued on fee withholding and direct payment of fees under title XVI in the Program Operations Manual System (POMS), Subchapters GN 03920, GN 03930, and GN 03940. These instructions may be accessed from our Web site at <http://www.socialsecurity.gov>, using the link to Our Program Rules. You can also access these instructions directly at <http://policy.ssa.gov/poms.nsf/subchapterlist!openview&restricttocategory=02039>.

In accordance with the provisions of section 303, we will determine the eligibility of applicants to participate in the demonstration project on fee withholding for non-attorneys through a process by which we will determine if applicants satisfy the prerequisites to participate in that project. We provided information on the prerequisites process in a **Federal Register** notice published on January 13, 2005 (70 FR 2447). Additional information on the demonstration project and the prerequisites process is available on our Representing Claimants Web site at <http://www.ba.ssa.gov/representation/>.

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6).

¹¹ For the purposes only of accelerating the operative date of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹² 17 CFR 200.30-3(a)(12).