SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; Fixed Income Clearing Corporation; Order Approving Proposed Rule Change To Change the Minimum Margin Deficiency Call Amount for Participants in Its Mortgage-Backed Securities Division

May 9, 2005.

I. Introduction

On March 11, 2005, the Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”) proposed rule change SR–FICC–2005–06 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 April 4, 2005.2 No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

II. Description

FICC is amending the minimum margin deficiency call amount for participants in its Mortgage-Backed Securities Division (“MBSD”) to the lesser of $250,000 or 25 percent of the value of a participant’s margin deposit. FICC believes this will eliminate the operational burdens associated with the collection of de minimis margin amounts and will harmonize the rules of FICC’s two divisions.4

III. Discussion

Section 17A(b)(3)(F) 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 it is responsible.5 The Commission finds that FICC’s proposed rule change is consistent with this requirement because it will allow for a less burdensome application of its margin call process without presenting material risk to FICC or its participants. This should allow FICC to reallocate resources formerly associated with the collection of de minimis margin amounts, which will better enable FICC to safeguard the securities and funds in its custody or control or for which it is responsible.

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular 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–FICC–2005–06) be and hereby is approved.

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

Jill M. Peterson,
Assistant Secretary.

[FR Doc. E5–2408 Filed 5–13–05; 8:45 am]

BILLING CODE 8010–01–P

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change, and Amendment No. 1 Thereto, National Association of Securities Dealers, Inc. Eliminating the Directed Order Process in The Nasdaq Market Center

May 9, 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 April 21, 2005, the National Association of Securities Dealers, Inc. (“NASD”), through its subsidiary, The Nasdaq Stock Market, Inc. (“Nasdaq”), 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 Nasdaq. On May 2, 2005, Nasdaq filed Amendment No. 1 to the proposed rule change.3 The Commission is publishing this notice, as amended, to solicit comments on the proposed rule change from interested persons.

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

Nasdaq is filing a proposed rule change to eliminate the Directed Order Process from the Nasdaq Market Center.4 Nasdaq will implement the proposed rule change within 90 days of approval with the exact date being provided to market participants via a Head Trader Alert on http://www.nasdaqtrader.com. The text of the proposed rule change is available on Nasdaq’s Web site (http://www.nasdaq.com/LegalCompliance.stm), at Nasdaq’s principal office, and at the Commission’s Public Reference Room.

3 In Amendment No. 1, Nasdaq amended NASD Rule 7010 to reflect the proposed elimination of the Directed Order Process.

| In Amendment No. 1, Nasdaq amended NASD Rule 7010 to reflect the proposed elimination of the Directed Order Process. |