

The Participants are proposing: (i) To amend the definition of "Firm Customer Quote Size" ("FCQS")<sup>2</sup> to provide automatic executions for Principal Acting as Agent Orders ("P/A Orders")<sup>3</sup> sent via the intermarket option linkage ("Linkage") up to the full size of a Participant's disseminated quotation; and (ii) to eliminate a 15-second waiting period between the sending of P/A Orders. The proposed amendment to the Linkage Plan was published in the **Federal Register** on September 16, 2005.<sup>4</sup> No comments were received on the proposed amendment. This order approves the proposed amendment to the Linkage Plan.

## II. Description and Purpose of the Proposed Amendment

The purpose of Joint Amendment No. 16 is to modify the Linkage Plan in two respects. First, the definition of FCQS will be amended to reflect that all Participants disseminate dynamic option quotes with size. Specifically, Participants propose to amend the Linkage Plan so that the FCQS will be calculated based on the size of the disseminated quotation of the Participant receiving the P/A Order. Secondly, Joint Amendment No. 16 will eliminate a 15-second waiting period for sending a subsequent P/A Order currently provided for in the Linkage Plan. Finally, Joint Amendment No. 16 will clarify the conditions under which automatic execution is required in response to P/A Orders.

## III. Discussion

After careful consideration, the Commission finds that the proposed amendment to the Linkage Plan is consistent with the requirements of the Securities Exchange Act of 1934 ("Act") and the rules and regulations thereunder. Specifically, the Commission finds that the proposed amendment to the Linkage Plan is consistent with Section 11A of the Act<sup>5</sup> and Rule 608 under the Act,<sup>6</sup> in that the proposed amendment to calculate FCQS on the basis of the size of the Participant receiving the P/A Order is appropriate and should facilitate the use of the Linkage for the Participants. This change, coupled with the proposed elimination of the 15-second waiting period for sending a subsequent P/A

Order should facilitate investors' intermarket access to superior prices disseminated by Participants other than the one to which the order was initially sent.

## IV. Conclusion

*It is therefore ordered*, pursuant to Section 11A of the Act<sup>7</sup> and Rule 608 thereunder,<sup>8</sup> that the proposed Joint Amendment No. 16 is hereby approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>9</sup>

**Jonathan G. Katz,**

*Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-52684; File No. SR-MSRB-2005-15]

### Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Revisions to the Series 9/10 Examination Program

October 26, 2005.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on October 18, 2005, the Municipal Securities Rulemaking Board ("MSRB" or "Board"), filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the MSRB. The MSRB has designated the proposed rule change as constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of the self-regulatory organization pursuant to Section 19(b)(3)(A)(i) of the Act,<sup>3</sup> and Rule 19b-4(f)(1) thereunder,<sup>4</sup> 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.

<sup>1</sup> 15 U.S.C. 78k-1.

<sup>2</sup> 17 CFR 242.608.

<sup>3</sup> 17 CFR 200.30-3(a)(29).

<sup>4</sup> 15 U.S.C. 78s(b)(1).

<sup>5</sup> 17 CFR 240.19b-4.

<sup>6</sup> 15 U.S.C. 78s(b)(3)(A)(i).

<sup>7</sup> 17 CFR 240.19b-4(f)(1).

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

The MSRB is filing with the Commission revisions to the study outline and selection specifications for the Limited Principal—General Securities Sales Supervisor (Series 9/10) examination program.<sup>5</sup> The proposed revisions update the material to reflect changes to the laws, rules, and regulations covered by the examination, as well as modify the content of the examination program to track more closely the functional workflow of a Series 9/10 limited principal. The MSRB is not proposing any textual changes to the rules of the MSRB.

The revised study outline is available on the MSRB's Web site (<http://www.msrb.org>), at the MSRB's principal office, and at the Commission's Public Reference Room. However, the MSRB has omitted the Series 9/10 selection specifications from this filing and has submitted the specifications under separate cover to the Commission with a request for confidential treatment pursuant to Rule 24b-2 under the Act.<sup>6</sup>

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

In its filing with the Commission, the MSRB 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. The MSRB 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

Section 15B(b)(2)(A) of the Act<sup>7</sup> authorizes the MSRB to prescribe standards of training, experience, competence, and such other

<sup>5</sup> The MSRB is also proposing corresponding revisions to the Series 9/10 question bank, but based upon instructions from the Commission staff, the MSRB is submitting SR-MSRB-2005-15 for immediate effectiveness pursuant to Section 19(b)(3)(A)(i) of the Act and Rule 19b-4(f)(1) thereunder, and is not filing the question bank for Commission review. See letter to Diane G. Klinke, General Counsel, MSRB, from Belinda Blaine, Associate Director, Division of Market Regulation, SEC, dated July 24, 2000. The question bank is available for Commission review.

<sup>6</sup> 17 CFR 240.24b-2.

<sup>7</sup> 15 U.S.C. 78o-4(b)(2)(A).

(November 28, 2000), 43574 (November 16, 2000), 65 FR 70851 (November 28, 2000) and 49198 (February 5, 2004), 69 FR 7029 (February 12, 2004).

<sup>2</sup> See Section 2(11) of the Linkage Plan.

<sup>3</sup> See Section 2(16)(a) of the Linkage Plan.

<sup>4</sup> See Securities Exchange Act Release No. 52401 (September 9, 2005), 70 FR 54781.

<sup>5</sup> 15 U.S.C. 78k-1.

<sup>6</sup> 17 CFR 242.608.

qualifications as the Board finds necessary or appropriate in the public interest or for the protection of investors. The MSRB has developed examinations that are designed to establish that persons associated with brokers, dealers and municipal securities dealers that effect transactions in municipal securities have attained specified levels of competence and knowledge. The MSRB periodically reviews the content of the examinations to determine whether revisions are necessary or appropriate in view of changes pertaining to the subject matter covered by the examinations.

MSRB Rule G-3(c) states that the Municipal Securities Sales Supervisor may only supervise those activities and functions relating directly to customer sales and purchases of municipal securities. The activities over which a Municipal Securities Sales Principal may have responsibility include: approving transactions with customers; approving the opening of customer accounts; approving discretionary accounts and related transactions; reviewing all customer accounts regularly and frequently; supervising the handling of written customer complaints; and reviewing correspondence with customers in the solicitation or execution of municipal securities transactions. The supervision of activities such as trading, underwriting, research, and providing financial advice and counseling to issuers cannot be the responsibility of the Municipal Securities Sales Principal; such activities must be supervised by a person qualified as a Municipal Securities Principal. MSRB rules do not specify that a broker, dealer or municipal securities dealer must maintain any Municipal Securities Sales Principals on its staff.

The only examination that qualifies a Municipal Securities Sales Principal is the General Securities Sales Supervisor Qualification Examination (Series 9/10). The Series 9/10 examination is an industry-wide examination and tests a candidate's knowledge of securities industry rules and regulations and certain statutory provisions pertinent to the supervision of sales activities.

The Series 9/10 examination program is shared by the MSRB and the following self-regulatory organizations ("SROs"): the American Stock Exchange LLC; the Chicago Board Options Exchange, Incorporated; the National Association of Securities Dealers, Inc. ("NASD"); the New York Stock Exchange, Inc. ("NYSE"); the Pacific Exchange, Inc.; and the Philadelphia Stock Exchange, Inc.

A committee of industry representatives, together with the staff of the MSRB and the SROs, recently undertook a periodic review of the Series 9/10 examination program. As a result of this review, the MSRB is proposing to update the content of the examination to cover Regulation S-P;<sup>8</sup> MSRB Rules G-37 and G-38; SRO research analyst and anti-money laundering rules; municipal fund securities (e.g., 529 college savings plans); and exchange traded funds. MSRB is further proposing revisions to the study outline to reflect the SEC short sale requirements. In addition, as part of an ongoing effort to align the examination more closely to the supervisory duties of a Series 9/10 limited principal, MSRB is proposing to modify the content of the examination to track the functional workflow of a Series 9/10 limited principal. Also, MSRB is proposing to include questions related to parallel rules of the MSRB, the options exchanges, NASD, and the NYSE in the same section of the examination.

As a result of the revisions, MSRB is proposing to modify the main section headings and the number of questions on each section of the Series 9/10 study outline as follows: Section 1—Hiring, Qualifications, and Continuing Education, 9 questions; Section 2—Supervision of Accounts and Sales Activities, 94 questions; Section 3—Conduct of Associated Persons, 14 questions; Section 4—Recordkeeping Requirements, 8 questions; Section 5—Municipal Securities Regulation, 20 questions; and Section 6—Options Regulation, 55 questions. Section 6, which covers options, constitutes the Series 9 portion of the examination. Series 10 covers general securities and municipal securities. The revised examination continues to cover the areas of knowledge required for the supervision of sales activities.

The MSRB is proposing these changes to the entire content of the Series 9/10 examination, including the selection specifications and question bank. The number of questions on the Series 9/10 examination will remain at 200, and candidates will continue to have four hours to complete the Series 10 portion and one and one-half hours to complete the Series 9 portion. Also, each question will continue to count one point, and each candidate must correctly answer 70 percent of the questions on each series, 9 and 10, to receive a passing grade.

As noted below, the MSRB understands that the other SROs also will file with the Commission similar proposed rule changes reflecting the revisions to the Series 9/10 examination program.

## 2. Statutory Basis

The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2)(A) of the Act,<sup>9</sup> which authorizes the MSRB to prescribe standards of training, experience, competence, and such other qualifications as the Board finds necessary or appropriate in the public interest or for the protection of investors. Section 15B(b)(2)(A) of the Act also provides that the Board may appropriately classify municipal securities brokers and municipal securities dealers and their associated personnel and require persons in any such class to pass tests prescribed by the Board.

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

The MSRB does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

### *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 proposed rule change has become effective pursuant to Section 19(b)(3)(A)(i) of the Act<sup>10</sup> and Rule 19b-4(f)(i) thereunder,<sup>11</sup> in that the proposed rule change constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of the self-regulatory organization. MSRB proposes to implement the revised Series 9/10 examination program no later than November 30, 2005. 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

<sup>9</sup> 15 U.S.C. 78o-4(b)(2)(A).

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A)(i).

<sup>11</sup> 17 CFR 240.19b-4(f)(i).

<sup>8</sup> 17 CFR 248.1-18; 17 CFR 248.30; and 17 CFR 248, Appendix A.

in furtherance of the purposes of the Act.<sup>12</sup>

#### 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](mailto:rule-comments@sec.gov). Please include File Number SR-MSRB-2005-15 on the subject line.

##### *Paper Comments*

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE., Washington, DC 20549-9303.

All submissions should refer to File Number SR-MSRB-2005-15. 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 MSRB. 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-MSRB-2005-15 and should be submitted on or before November 23, 2005.

<sup>12</sup> See Section 19(b)(3)(C) of the Act, 15 U.S.C. 78s(b)(3)(C).

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>13</sup>

**Jonathan G. Katz,**

*Secretary.*

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#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-52683; File No. SR-NYSE-2005-62]

#### Self-Regulatory Organizations; New York Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to Trade Shredding

October 26, 2005.

##### I. Introduction

On September 9, 2005, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, as amended, ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change relating to trade shredding. The proposed rule change was published for notice and comment in the **Federal Register** on September 21, 2005.<sup>3</sup> The Commission received no comments on the proposal. This order approves the proposed rule change.

##### II. Description of the Proposal

The NYSE proposed to add NYSE Rule 123G to prohibit members, member organizations and associated persons from unbundling orders for execution for the primary purpose of maximizing a monetary or like payment to the member, member organization or associated person without regard for the best interests of the customer.

##### III. Discussion and Commission Findings

The Commission has reviewed carefully the proposed rule change and finds that it is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange,<sup>4</sup> particularly Section 6(b)(5) of the Act which, among other things, requires that the rules of a national securities

<sup>13</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 52435 (September 14, 2005), 70 FR 55440.

<sup>4</sup> In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

exchange be designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating securities transactions, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.<sup>5</sup> The Commission believes that the proposed rule change should help eliminate the distortive practice of trade shredding, and, therefore, promote just and equitable principles of trade.

##### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>6</sup> that the proposed rule change (File No. SR-NYSE-2005-62), be and hereby is, approved.

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

**Jonathan G. Katz,**

*Secretary.*

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#### SOCIAL SECURITY ADMINISTRATION

##### Agency Information Collection Activities: Proposed Request and Comment Request

The Social Security Administration (SSA) publishes a list of information collection packages that will require clearance by the Office of Management and Budget (OMB) in compliance with Pub. L. 104-13, the Paperwork Reduction Act of 1995, effective October 1, 1995. The information collection packages that may be included in this notice are for new information collections, revisions to OMB-approved information collections, and extensions (no change) of OMB-approved information collections.

SSA is soliciting comments on the accuracy of the agency's burden estimate; the need for the information; its practical utility; ways to enhance its quality, utility, and clarity; and on ways to minimize burden on respondents, including the use of automated collection techniques or other forms of information technology. Written comments and recommendations regarding the information collection(s) should be submitted to the OMB Desk Officer and the SSA Reports Clearance Officer. The information can be mailed

<sup>5</sup> 15 U.S.C. 78f(b)(5).

<sup>6</sup> 15 U.S.C. 78s(b)(2).

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