

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-47921; File No. SR-SCCP-2003-01]

Self-Regulatory Organizations; Stock Clearing Corporation of Philadelphia; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Fees for Processing Transactions in Standard & Poor's Depositary Receipts®

May 23, 2003.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on March 14, 2003, the Stock Clearing Corporation of Philadelphia ("SCCP") 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 primarily by SCCP. 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

The proposed rule change amends SCCP's fee schedule to adopt new fees for the processing of participant transactions in Standard & Poor's Depositary Receipts® ("SPDRs"). The proposed rule change also makes minor clarifying amendments to its fee schedule regarding trades matching with PACE trades on the opening.

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

In its filing with the Commission, SCCP included statements concerning the purpose of and statutory basis for the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. SCCP has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

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

The proposed rule change adopts: (1) A non-specialist charge of \$0.30 per trade side for non-PACE executions, with no charge for PACE executions and (2) a specialist charge of \$0.50 per trade

for the first 1,000 trades and \$0.25 per trade for all subsequent trades with no further volume discounts.³ No other SCCP transaction fees will apply to trades in SPDRs.⁴ The proposed rule change also makes minor amendments to its fee schedule to clarify that the non-specialist charge of \$0.30 is assessed per trade side and that the specialist charges of either \$0.50 per trade and \$0.25 per trade are not applicable to specialist trades matching with PACE trades on the opening.⁵

The purpose of the proposed rule change is to specifically provide for SCCP fees that will apply to trading of SPDRs. SCCP believes that these competitively priced fees should encourage trading of SPDRs, which should provide market participants with a more affordable market for the trading of this product. SCCP states that a more affordable, competitive market for trading should attract more order flow in the SPDRs to the Philadelphia Stock Exchange, Inc., which should, in turn, further increase liquidity of SPDRs and create a tighter, more liquid market. Increase market competition should both benefit investors and protect the public interest in general. This proposal is scheduled to become effective for transactions upon the implementation of trading in SPDRs.

SCCP believes that the proposed rule change is consistent with 17A(b)(3)(D) of the Act⁶ which requires that the rules of a registered clearing agency provide for equitable allocation of reasonable dues, fees, and other charges for services which it provides to its participants because the fee structure proposed herein applies to all participants that would be trading the SPDRs.

(B) Self-Regulatory Organization's Statement on Burden on Competition

SCCP does not believe that the proposed rule change will impose any inappropriate burden on competition.

³ This is the same fee schedule that is currently in effect for the processing of Units of Beneficial Interest in the Nasdaq 100 Trust, Series 1, traded under the symbol and widely known as QQQ. See Securities Exchange Act Release No. 44218 (April 25, 2001), 66 FR 21803 (May 1, 2001) (SR-SCCP-00-06).

⁴ Specialists will be eligible for a SCCP credit for specialist trades matching with PACE trades on the opening. See Securities Exchange Act Release No. 44278 (May 8, 2001), 66 FR 27193 (May 16, 2001) (SR-SCCP-2001-05). Additionally, there are optional services offered by SCCP to which a specialist firm may subscribe, such as research requests.

⁵ See supra note 5.

⁶ 15 U.S.C. 78q-1(b)(3)(D).

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were either solicited or received.

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

Because the foregoing rule change establishes or changes a due, fee, or other charge imposed by SCCP, it has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act⁷ and Rule 19b-4(f)(2) thereunder.⁸ At any time within sixty 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 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-SCCP-2003-01. This file number should be included on the subject line if e-mail is used. To help us process and review 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 SCCP.

⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

⁸ 17 CFR 240.19b-4(f)(2).

¹ 15 U.S.C. 78s(b)(1).

² The Commission has modified parts of these statements.