

requiring the audit committee or another independent body of the board of directors to approve, rather than merely review, related party transactions.⁴ Of course, all directors that review and approve a related party transaction must not only be independent as specified under Nasdaq rules but also disinterested in the transaction. Nasdaq believes that requiring approval of such transactions will improve investor protection.

2. Statutory Basis

Nasdaq believes that the proposed rule change is consistent with the provisions of section 15A of the Act,⁵ in general, and with section 15A(b)(6) of the Act,⁶ in particular, in that the proposed rules are designed to prevent fraudulent and manipulative acts and practices and, in general, to protect investors and the public interest. As previously mentioned, the proposed rule change is designed to improve investor protection.

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

Nasdaq 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.

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

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

A. By order approve such proposed rule change, or

B. Institute proceedings to determine whether the proposed rule change should be disapproved.

⁴ For purposes of Rule 4350(h), the term "related party transaction" shall refer to transactions required to be disclosed pursuant to SEC Regulation S-K, Item 404.

⁵ 15 U.S.C. 78o-3.

⁶ 15 U.S.C. 78o-3(b)(6).

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the amended proposal 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. 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 will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to File No. SR-NASD-2002-80 and should be submitted by August 6, 2003.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48141; File No. SR-NSCC-2003-12]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Availability of Trade Data to Members for Listed and OTC Processing

July 8, 2003.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934,¹ notice is hereby given that on June 16, 2003, the National Securities Clearing Corporation ("NSCC") filed a proposed rule change with the Securities and Exchange Commission ("Commission") and on June 24, 2003, amended the proposed rule change as described in Items I, II, and III below, which Items have been prepared primarily by NSCC. The Commission is publishing this

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

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 proposed rule change will make technical modifications to NSCC's trade comparison rules and procedures to clarify (1) the format, availability, and content of trade data available to its participants and (2) that NSCC will no longer provide trade comparison processing for New York Stock Exchange ("NYSE") and American Stock Exchange ("Amex") equity trades.

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

In its filing with the Commission, NSCC 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. NSCC 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 purpose of the proposed rule change is to make technical changes to NSCC's rules and procedures to conform them to actual practice. NSCC issues transaction information known as "output" to its members in various formats and at different intervals throughout the day. The changes make it clear that the frequency and availability of such information is dependent on the format of the output.

Historically, NSCC's reporting of equity trading activity on behalf of various participants and marketplaces was limited to reporting at the end of the trading processing day, with report output produced to participants and marketplaces in both a print image ("PI") and machine readable output ("MRO") form.

With PI output, data appears as a formatted report with predefined columns of information. PI-formatted information is "reader friendly," includes both activity and total fields, and is usually produced at end-of-day, reflecting the total activity reported by the participant for that processing day.

² The Commission has modified the text of the summaries prepared by NSCC.