

NSCC's SMA Service on behalf of NSCC members.

Messages transmitted through the SMA Service will consist of information such as account opening data (e.g., account profile notifications, verifications of funding amounts, and authorizations to trade) and account maintenance data (e.g., funding deposit amount notifications, funding withdrawals, and account termination notifications). NSCC will not be responsible for the content of the messages transmitted through the SMA Service nor will NSCC assume any liability for the completeness or accuracy of the information transmitted.

The SMA Service will provide centralized platform for the communication of the basic account opening and maintenance data among sponsors and investment managers. Because the service does not involve money settlement or securities clearance or netting through the facilities of NSCC, it will be a nonguaranteed service of NSCC.⁷

Fees for the use of the SMA Service will be the subject of a separate rule filing.

Establishing the SMA Service at NSCC will facilitate the transmission of standardized information for separately managed accounts products on a centralized communications platform. Standardization and automation on these products can be expected to reduce processing errors and delays that are typically associated with manual processes or the use of multiple platforms and methods to transmit information. This fosters cooperation and coordination with persons engaged in the clearance and settlement of securities transactions and furthers the protections of investors and the public interest. The proposed rule change is therefore consistent with the provisions of the Act and the rules and regulations thereunder.

⁷ NSCC offers certain guaranteed services through its CNS system, in which NSCC as a central counterparty provides settlement related guarantees regarding certain trades cleared and netted at NSCC. NSCC also offers nonguaranteed services, such as NSCC's Mutual Fund and Insurance Processing Services, in which members do not receive the protections of an NSCC guarantee. Some of NSCC's nonguaranteed services entail settlement of funds through NSCC (e.g., NSCC's FundSERVE® service); other nonguaranteed services involve the communication of information only without settlement of transactions or funds through the facilities of NSCC (e.g., NSCC's Profile service in NSCC's Mutual Fund Services). The SMA Service is a nonguaranteed service limited to the communication of information only and does not involve settlement of securities transactions or funds through the facilities of NSCC.

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

NSCC does not believe the proposed rule change will have an impact on or impose a burden on competition.

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

No written comments relating to the proposed rule change have been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

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

Within thirty-five 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 ninety 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 the proposed rule change or
- (b) Institute proceedings to determine whether the proposed rule change should be disapproved.

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-NSCC-2003-21. 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 will also be available for inspection and copying at the principal office of NSCC and on NSCC's Web site at <http://www.nsccl.com/legal/>. All submissions should refer to the File No. SR-NSCC-2003-21 and should be submitted by December 24, 2003.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁸

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48835; File No. SR-CSE-2003-06]

Self-Regulatory Organizations; Order Granting Partial Approval of Proposed Rule Change and Amendment No. 2 Thereto and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 1 Thereto by National Stock Exchange Relating to Audit Committee Requirements Applicable to Companies Listing Non-Option Securities

November 25, 2003.

I. Introduction

On September 12, 2003, the Cincinnati Stock Exchange, now known as National Stock Exchange ("Exchange"), filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to amend Article IV of its By-Laws pertaining to its listing standards, including the addition of requirements applicable to audit committees of listed companies.³ The proposed rule change would require each issuer listed on the Exchange to have an audit committee that complies with the standards for audit committees mandated by Section 10A(m) of the Act⁴ and Rule 10A-3 thereunder.⁵ The proposed rule change also would specify composition and member qualification requirements for

⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ In the proposed rule change, the Exchange also proposed to amend Article IV, Section 2 of the Exchange's By-Laws pertaining to unlisted trading privileges. The Commission is not approving this amendment at this time.

⁴ 15 U.S.C. 78j-1(m).

⁵ 17 CFR 240.10A-3.