

payment requirement have been established to maintain adequate liquidity of margin collateral and are also intended to be consistent with the redemption conditions contained in CFTC rule 1.25.⁹

Valuation

OCC will require funds to perform a net asset value computation at least once per day with the dissemination of such computation to be made available to OCC no later than 9 a.m. central time the following day. Given the diversified nature of eligible fund investments as well as the investment duration limitations, a daily computation of net asset value appears reasonable. Nevertheless, OCC will apply a 2% haircut on the current market value of fund shares. The 2% haircut was selected for consistency with the treatment of similar assets under the net capital rule.¹⁰

OCC's Security Interest

As in the case of other securities held as collateral, OCC will require that clearing members give OCC a first priority perfected security interest in deposited fund shares. Because shares in money market funds are typically not issued in certificated form, ownership is established by registration of the securities on the books of the fund or its transfer agent. OCC can ordinarily obtain a perfected security interest in fund shares registered in the name of a clearing member by execution of the fund's standard three-party agreement among OCC, the clearing member, and the fund or its transfer agent.

In addition, to preclude a situation whereby a clearing member secures its obligations to OCC with collateral managed and within the control of that clearing member or a related party, an association restriction is included in rule 604(b)(3)(iii). This restriction is consistent with OCC rules regarding the deposit of government securities, debt or equity issues, or letters of credit as margin collateral.¹¹ This standard may be waived if the issuing institution can demonstrate that an acceptable arrangement has been made for the control of underlying portfolio investments and for the processing of

OCC redemption requests by a third party.

OCC is also moving the provisions which require compliance with the Commission's rule 15c3-3 when applicable, formerly set forth in rule 604(d)(2), have been moved so that these provisions apply not only to equity and debt securities but to all securities deposited as margin under rule 604(b). A sentence has been added to these provisions to require compliance with the CFTC's customer protection regime when securities are deposited with respect to futures accounts.

OCC believes that the proposed rule change is consistent with the requirements of section 17A of the Securities Exchange Act of 1934, as amended, because it enhances the efficiency of the clearing system while still allowing OCC to safeguard securities and funds by permitting clearing members to collateralize their obligations to OCC with an additional form of highly liquid, stable value assets.

III. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder and particularly with the requirements of section 17A(b)(3)(F).¹² Section 17A(b)(3)(F) 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. The Commission believes that OCC's rule change meets this requirement because while OCC clearing members will be able to deposit money market funds as margin collateral, OCC has established procedures with respect to the deposits of money market funds as margin collateral that should ensure that OCC will be able to safeguard the securities and funds that are within 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-OCC-2002-04) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹³

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 03-8387 Filed 4-4-03; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-47605; File No. SR-Phlx-2003-17]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto by the Philadelphia Stock Exchange, Inc. To Adopt a License Fee for Transactions in Standard & Poor's Depository Receipts[®]

April 1, 2003.

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 March 17, 2003, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange amended the proposal on March 28, 2003.³ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The Exchange proposes to amend its Summary of Equity Charges to adopt a license fee of \$0.00025 per share per trade side for sides greater than 500 shares, with no maximum fee per trade side charged to Non-PACE Customers⁴ and Electronic Communications Networks ("ECNs"),⁵ and a license fee

¹³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ On March 28, 2003, the Exchange filed a Form 19b-4, which completely replaced and superceded the original filing in its entirety ("Amendment No. 1"). For purposes of calculating the 60-day abrogation period, the Commission considers the period to have commenced on March 28, 2003, the date the Exchange filed Amendment No. 1. 15 U.S.C. 78(s)(b)(3)(C).

⁴ PACE is the acronym for the Exchange's Automated Communication and Execution System, which is the Exchange's order routing, delivery, execution and reporting system for its equity trading floor. See Exchange Rules 229 and 229A.

⁵ ECNs shall mean any electronic system that widely disseminates to third parties orders entered therein by an Exchange market maker or over-the-

⁹ CFTC Regulation 1.25(c)(5), 65 FR 77993, 78010, 78011 (Dec. 13, 2000); see also, 65 FR 82270 (Dec. 28, 2000). CFTC Interpretive Letter No. 01-31 (April 2, 2001) (Funds will be deemed in compliance with Regulation 1.25(c)(5) even though they provide for delayed redemption in specified emergency situations).

¹⁰ 17 CFR 240.15c3-1(c)(2)(vi)(D)(1).

¹¹ OCC rule 604, Interpretation and Policies .07 and .10.

¹² 15 U.S.C. 78q-1(b)(3)(F).

of \$0.00035 per share per trade side, with no maximum fee per trade side charged to specialists for transactions on the Phlx in Standard & Poor's Depository Receipts® ("SPDRs").⁶ The Exchange also proposes to make minor, technical changes to its equity fee schedule to make corresponding references to the proposed fees. All other equity charges currently assessed by the Phlx will be imposed where applicable.⁷

The Exchange proposes to implement this fee as of March 17, 2003, the date that it began trading in the SPDRs. Text of the proposed rule change is set forth below. New text is in italics. Deleted text is in brackets.

SUMMARY OF EQUITY CHARGES (P 1/[2]3)*

EQUITY TRANSACTION CHARGE I

Based on total shares per transaction with the exception of specialist trades and PACE trades.¹
Monthly Transaction Value

	Rate per share
First 500 shares	\$0.00

counter ("OTC") market maker, and permits such orders to be executed against in whole or in part; except that the term ECN shall not include: any system that crosses multiple orders at one or more specified times at a specified price set by the ECN, algorithm, or by any derivation pricing mechanism and does not allow orders to be crossed or executed against directly by participants outside of such times; or, any system operated by on behalf of an OTC market-maker or exchange market-maker that executes customer orders primarily against the account of such market maker as principal, other than riskless principal.

⁶ Standard & Poor's®, "S&P 500®," "Standard & Poor's 500®," and "500" are trademarks of The McGraw-Hill Companies, Inc., and have been licensed for use by the Phlx, in connection with the listing and trading of SPDRs, on the Phlx. These products are not sponsored, sold or endorsed by Standard & Poor's ("S&P"), a division of The McGraw-Hill Companies, Inc., and S&P makes no representation regarding the advisability of investing in SPDRs.

⁷ These charges may include equity transaction charges, an equity floor brokerage assessment, an equity floor brokerage transaction fee, an off-Exchange trade information fee, an SEC fee, a remote information access fee, an Electronic Communications Network fee, an outbound Inter-Market Trading System ("ITS") fee and a net inbound ITS credit. Additionally, the PACE Specialist charge does not apply because specialists are not eligible for further PACE volume discounts. See Securities Exchange Act No. 44259 (May 4, 2001), 66 FR 23962 (May 10, 2001) (SR-Phlx-200-41). The proposals also codifies that the PACE Specialist Charge does not apply to QQQ transactions. This charge has not previously applied to Nasdaq-100 Tracking Stock Index ("QQQ") trades, as evidenced by the separate QQQ fee schedule. See also Securities Exchange Act Release No. 43776 (December 28, 2000), 66 FR 1166 (January 5, 2001) (SR-Phlx-2000-103). Nevertheless when adding a footnote that this charge does not apply to SPDRs, the Exchange determined, to avoid confusion, to refer to both products.

SUMMARY OF EQUITY CHARGES (P 1/[2]3)*

Next 2,000 shares	\$0.0075
Next 7,500 shares	\$0.005
Remaining shares	\$0.004
\$50 maximum fee per trade side.	

License Fee
*SPDRs, Standard & Poor's Depository Receipts***
Customer Non-PACE and Electronic Communications Network^E
("ECN") License Fee
\$0.00025 per share per trade side for sides greater than 500 shares
No maximum fee per trade side
Specialist License Fee
\$0.00035 per share per trade side
No maximum fee per trade side
Pace Specialist Charge² I
\$.20 per PHLX Specialist Trade against PACE Executions (Not applicable to PACE trades on the opening)
See Appendix A for additional fees.

I denotes fee eligible for monthly credit of up to \$1,000.

* not applicable to transactions in Nasdaq-100 Index Tracking StockSM (see page [3]4 for fees).

Summary of Equity Charges (p 2/[2]3)*

Equity Floor Brokerage Assessment I
\$250 monthly charge⁽²⁾³

Equity Floor Brokerage Transaction Fee I
\$.05 per 100 shares or fraction thereof, for floor broker executing transactions for their own member firms.

Sec Fee
The amount shall be determined by Section 31 of the Securities Exchange Act of 1934.

Off-Exchange Trade Information Fee I
\$.10 per DOT trade

Remote Information Access Fee I
\$300.00 per month

Electronic Communications Network^E ("ECN") Fee
\$2,500.00 per month (in lieu of equity transaction charges)

Outbound ITS Fee I (also applicable to transactions in Nasdaq-100 Index Tracking StockSM)⁽³⁾⁴

For PACE orders sent over ITS with the customer information attached:
500 shares or less—\$0.60 per 100 shares
501 to 4,999 shares—\$0.30 per 100 shares

Net Inbound ITS Credit (also applicable to transactions in Nasdaq-100 Index Tracking StockSM)⁽⁴⁾⁵

\$0.30 per 100 shares on the excess, if any, of the number of inbound ITS shares executed over the number of outbound ITS shares sent and

executed on a monthly basis.

Summary of Equity Charges (p 3/3)

See Appendix A for additional fees.

I denotes fee eligible for monthly credit of up to \$1,000.

* not applicable to transactions in Nasdaq-100 Index Tracking StockSM (see next page for fees).

^E ECNs shall mean any electronic system that widely disseminates to third parties orders entered therein by an Exchange market maker or over-the-counter ("OTC") market maker, and permits such orders to be executed against in whole or in part; except that the term ECN shall not include: any system that crosses multiple orders at one or more specified times at a specified price set by the ECN, algorithm, or by any derivative pricing mechanism and does not allow orders to be crossed or executed against directly by participants outside of such times; or, any system operated by or on behalf of an OTC market-maker or exchange market-maker that executes customer orders primarily against the account of such market maker as principal, other than riskless principal.

Any fees, credits, discounts and other charges in the Exchange's fee schedule which are based upon an equity specialist's specialist activity apply to competing specialists.

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¹ However, this charge applies where an order, after being delivered to the Exchange by the PACE system is executed by the specialist by way of an outbound commitment, when such outbound ITS commitment reflects the PACE order's clearing information, but does not apply where a PACE trade was executed against an inbound ITS commitment.

² This charge does not apply to transactions in Nasdaq-100 Index Tracking StockSM and SPDRs.

⁽²⁾³ Applies to each member who derives at least 80% of gross income generated from Phlx floor based activities from his/her floor brokerage business conducted on the Exchange. Floor brokerage business conducted on the Exchange includes orders that are received on the Phlx, even if those orders are executed on an exchange other than the Phlx. The 5% floor brokerage assessment is waived until Dec 31, 2003 and is scheduled to be reinstated Jan 1, 2004.

⁽³⁾⁴ This fee will only apply when the specialist sends an order received over PACE to ITS and receives an execution, if the specialist used the PACE customer's clearing information on the outbound ITS commitment.

⁽⁴⁾⁵ This credit will include all inbound and outbound ITS executions, including both

PACE and non-PACE and both proprietary and customer commitments.

* * * * *

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 Exchange 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 III below. The Exchange 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

The purpose of the proposed rule change is to adopt a license fee that will apply to trading SPDRs on the Exchange. The Exchange recently determined to begin trading SPDRs. The license fees should help off-set licensing fees payable to Standard & Poor's⁸ associated with the trading of these products on the Exchange.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with section 6(b) of the Act,⁹ in general, and furthers the objectives of section 6(b)(4) of the Act,¹⁰ in particular, in that it is an equitable allocation of reasonable dues, fees, and other charges among Exchange members. The Exchange believes that charging members that trade these products a licensing fee is an equitable means of recovering a portion of the licensing fees incurred by the Exchange.¹¹

⁸ See *supra* note 6.

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(4).

¹¹ With regard to the distinction between Customer PACE and Non-PACE license fees, the Exchange states that it is consistent with its current practice to not impose customer charges for equity transactions delivered through PACE, but to impose customer charges for Non-PACE executions. See, e.g., Securities Exchange Act Release Nos. 47385 (February 20, 2003), 68 FR 10295 (March 4, 2003) (SR-Phlx-2003-06); 44381 (June 1, 2001), 66 FR 31264 (June 11, 2001) (SR-Phlx-2001-57); and 43776 (December 28, 2000), 66 FR 1166 (January 5, 2001) (SR-Phlx-00-103). Also, consistent with its current practice, the Exchange charges customer transaction fees and specialist transaction fees at different rates. See, e.g., Securities Exchange Act Release Nos. 44381 (June 1, 2001), 66 FR 31264 (June 11, 2001) (SR-Phlx-2001-57); 47109 (December 30, 2002), 68 FR 841 (January 7, 2003)

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

The Exchange does not believe that the proposed rule change will impose any inappropriate 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 were either solicited or received.

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

The foregoing rule change establishes or changes a due, fee, or charge imposed by the Exchange and, therefore, has become effective upon filing pursuant to section 19(b)(3)(A)(ii) of the Act¹² and Rule 19b-4(f)(2) thereunder.¹³ 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 in furtherance of the purpose 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, as amended, 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 at the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-Phlx-2003-17 and should be submitted by April 28, 2003.

(SR-Phlx-2002-78); and 42332 (January 12, 2000), 65 FR 3517 (January 21, 2000) (SR-Phlx-00-59).

¹² 15 U.S.C. 78(s)(b)(3)(A)(ii).

¹³ 17 CFR 240.19b-4(f)(2).

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁴

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 03-8388 Filed 4-4-03; 8:45 am]

BILLING CODE 8010-01-P

SMALL BUSINESS ADMINISTRATION

Advisory Committee on Veterans Business Affairs Public Meeting

The U.S. Small Business Administration (SBA) will hold a public Advisory Committee Meeting on Veterans Business Affairs on Tuesday, April 22, 2003, from 8:30 a.m. to 5 p.m. The meeting will be held at the U.S. Small Business Administration located at 409 3rd Street, SW., 2nd Floor in the Eisenhower Conference Room and will be open to the public from 9 a.m. to 3 p.m. The purpose of this meeting is to establish the structure of the Advisory Committee on Veterans Business Affairs and to carry out its mission in accordance with the Veterans Entrepreneurship and Small Business Development Act of 1999 (Public Law 106-50). Any member of the public seeking further information concerning the meeting or who wishes to submit oral or written comments, should contact Cheryl Clark in the Office of Veterans Business Development (OVBD) at the SBA located at 409 3rd Street SW., Washington, DC 20460 or fax at (202) 205-7292. Requests for oral comments must be in writing and be received no later than noon Eastern Time on Friday, April 11, 2003.

Candace H. Stoltz,

Director of Advisory Councils, Office of Communications.

[FR Doc. 03-8401 Filed 4-4-03; 8:45 am]

BILLING CODE 8025-01-P

DEPARTMENT OF STATE

[Public Notice 4329]

Culturally Significant Objects Imported for Exhibition Determinations: "Max Beckmann"

AGENCY: Department of State.

ACTION: Notice.

SUMMARY: Notice is hereby given of the following determinations: Pursuant to the authority vested in me by the Act of October 19, 1965 [79 Stat. 985; 22 U.S.C. 2459], Executive Order 12047 of March 27, 1978, the Foreign Affairs Reform and

¹⁴ 17 CFR 200.30-3(a)(12).