

transmitting Trade and Account Information to and receiving authorization responses from settlement agents on fair and reasonable terms to Other Central Matching Services and End-User Representatives. Such access shall permit Other Central Matching Services and End-User Representatives to draw information from those databases, systems, and methodologies for transmitting settlement instructions and/or transmitting Trade and Account Information to and receiving authorization responses from settlement agents for use in their own Central Matching Services or End-User Representatives' services. The links necessary for Other Central Matching Services and End-User Representatives to access GJVMS's databases, systems or methodologies for transmitting settlement instructions and/or transmitting Trade and Account Information to and receiving authorization responses from settlement agents must comply with the conditions set forth in Paragraphs 3, 5, 10, 15 and 16 of this order.

(18) For the first five years from the date of this order, GJVMS shall provide the Commission with reports every six months sufficient to document GJVMS's adherence to the obligations relating to interfaces set forth in Paragraphs 6 through 14 and Paragraph 17 above. GJVMS shall incorporate into such reports information including but not limited to: (A) all Other Central Matching Services linked to GJVMS; (B) the time, effort, and cost required to establish each link between GJVMS and Other Central Matching Services; (C) any proposed links between GJVMS and Other Central Matching Services as well as the status of such proposed links; (D) any failure or inability to establish such proposed links or fee schedules for Interface Charges; (E) any written complaint received from Other Central Matching Services relating to its established or proposed links with GJVMS; and (F) if GJVMS failed to adhere to any of the obligations relating to interfaces set forth in Paragraphs 6 through 14 and Paragraph 17 above, its explanation for such failure. The Commission shall treat information submitted in accordance with this Paragraph as confidential, non-public information. If any Other Central Matching Service seeks to link with GJVMS more than five years after issuance of this order, GJVMS shall notify the Commission of the Other Central Matching Service's request to link with GJVMS within ten days of receiving such request. In addition, GJVMS shall provide reports to the

Commission in accordance with this Paragraph commencing six months after the initial request for linkage is made until one year after GJVMS and the Other Central Matching Service begin operating their interface. The Commission reserves the right to request reports from GJVMS at any time. GJVMS shall provide the Commission with such updated reports within thirty days of the Commission's request.

(19) GJVMS shall also publish or make available upon request to any End-User Representative the necessary specifications, protocols, and architecture of any interface created by GJVMS for any End-User Representative.

### 3. Modification of Exemption

The Commission may modify by order the terms, scope, or conditions of GJVMS's exemption from registration as a clearing agency if it determines that such modification is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Exchange Act.<sup>48</sup> Furthermore, the Commission may limit, suspend, or revoke this exemption if it finds that GJVMS has violated or is unable to comply with any of the provisions set forth in this order if such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Exchange Act.

### V. Conclusion

In light of the conditions prescribed above, the Commission believes that GJVMS will have sufficient operational and processing capability to facilitate prompt and accurate matching services. Moreover, the Commission notes that GJVMS's exemption will be subject to conditions that are designed to enable the Commission to monitor GJVMS's risk management procedures, operational capacity and safeguards, corporate structure, and ability to operate in a manner to further the fundamental goals of section 17A. Therefore, the Commission finds that GJVMS's application for exemption from registration as a clearing agency is

<sup>48</sup> GJVMS must amend its Form CA-1 with respect to any changes to the information reported at items 1, 2, and 3 of its Form CA-1 to the extent that such changes are not reported in the disclosure documents. In addition, GJVMS is required to file with the Commission amendments to its application for exemption on Form CA-1 if it makes any material change affecting its matching service or ETC service as summarized in this order, in its Form CA-1 dated September 19, 2000, or in any subsequently filed amendments to its Form CA-1, which would make the information in this order or in its Form CA-1 incomplete or inaccurate.

consistent with the public interest, the protection of investors, and the purposes of section 17A.

*It Is Therefore Ordered*, pursuant to section 17A(b)(1) of the Exchange Act, that the request for exemption from registration as a clearing agency filed by Global Joint Venture Matching Services—US, LLC (File No. 600-32) be, and hereby is, granted subject to the conditions contained in this order.

By the Commission.

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44180; File No. SR-CHX-2001-06]

### Self-Regulatory Organizations; Order Granting Accelerated Approval of Proposed Rule Change by the Chicago Stock Exchange, Incorporated, Amending Its SuperMAX 2000 Price Improvement Algorithm To Permit Application of the Algorithm to Odd Lot Orders

April 16, 2001.

#### I. Introduction

On March 19, 2001, the Chicago Stock Exchange, Incorporated ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC"), 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> a proposed rule change that would amend CHX Article XX, Rule 37(h) to permit application of the Exchange's SuperMAX 2000 price improvement algorithm to odd lot orders. Notice of the proposed rule change was published for comment in the **Federal Register** on March 28, 2001.<sup>3</sup> This order approved the proposed rule change on an accelerated basis.

#### II. Description of the Proposal

According to the CHX, the primary purpose of the proposed rule change is to increase the number of orders that are eligible for automated price improvement.

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

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

<sup>3</sup> Securities Exchange Act Release No. 44090 (March 21, 2001), 66 FR 16962. In the notice, the Commission stated it would consider granting accelerated approval of the proposed rule change after a 15-day comment period.

On December 19, 2000, the Commission approved SR-CHX-00-37,<sup>4</sup> implementing SuperMax 2000, the CHX's new price improvement program, which will govern price improvement of all orders for issues quoting in decimal price increments. SuperMAX 2000 was designed to afford specialists the flexibility to provide a wide variety of price improvement alternatives, all of which will be equal to or more favorable than alternatives that existed previously at the CHX. SuperMAX 2000 originally did not by its terms permit price improvement of odd lot orders.

To remain competitive, the CHX proposes that its specialists be permitted (but not obligated) to offer price improvement to odd lot orders. The proposal would permit odd lot dealers to provide price improvement of \$.01 or better, in the case of odd lot orders received when the national best bid and offer spread is \$.05 or larger.

### III. Discussion

The Commission has reviewed carefully the proposed rule change and finds that it is consistent with the Act and the rules and regulations promulgated thereunder applicable to a national securities exchange and, in particular, with the requirements of Section 6(b).<sup>5</sup> Specifically, the Commission finds that approval of the proposed rule change is consistent with Section 6(b)(5)<sup>6</sup> in that it is designed to promote just and equitable principles of trade, to remove impediments and to perfect the mechanism of a free and open market and a national market system, and in general, to protect investors and the public interest. The Commission believes that the proposed rule change may increase the opportunities for price improvement by allowing the Exchange's odd lot dealers to offer price improvement of odd lot orders, resulting in a benefit to investors. Additionally, the Commission believes the proposal is reasonable because it contemplates equality among order-sending firms and their customers by mandating that price improvement be provided by CHX odd lot dealers on an issue-by-issue basis, rather than allowing odd lot dealers to distinguish among order-sending firms when designating price improvement levels.

The Commission finds good cause for approving the proposed rule change

before the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register**. In the notice,<sup>7</sup> the Commission indicated that it would consider granting accelerated approval of the proposal after a 15-day comment period. The Commission received no comments on the proposal during the 15-day comment period. The Commission believes it is reasonable to implement the proposal on an accelerated basis, given the anticipated benefits of the proposal. For these reasons, the Commission finds good cause for accelerating approval of the proposed rule change.

### IV. Conclusion

For the above reasons, the Commission finds that the proposed rule change is consistent with the provisions of the Act, in general, and with Section 6(b)(5)<sup>8</sup> in particular.

*In is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>9</sup> that the proposed rule change (SR-CHX-2001-06), be and hereby is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44189; File No. SR-DTC-00-10]

### Self-Regulatory Organizations; The Depository Trust Company; Order Approving a Proposed Rule Change Relating to the Combination of The Depository Trust Company's TradeSuite Institutional Trade Processing Services with Thomson Financial ESG's Institutional Trade Processing Services

April 17, 2001.

On August 22, 2000, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") and on January 31, 2001, February 20, 2001, February 23, 2001, and March 16, 2001, amended<sup>1</sup> a proposed rule change (File No. SR-DTC-00-10) pursuant to Section 19(b)(1) of the Securities Exchange Act

of 1934 ("Act").<sup>2</sup> Notice of the proposal was published in the **Federal Register** on November 17, 2000.<sup>3</sup> The Commission received thirty-six comment letters in response to the proposed rule change.<sup>4</sup> For the reasons

<sup>2</sup> 15 U.S.C. 78s(b)(1).

<sup>3</sup> Securities Exchange Act Release No. 43541 (November 9, 2000), 65 FR 69591.

<sup>4</sup> Letters from Jerome J. Clair, Chairman, Securities Industry Association ("SIA") Operations Committee (June 9, 2000); Peter Johnston, Chairman, SIA Institutional Transaction Processing Committee (June 28, 2000); Daniel M. Rosenthal, President and CEO, Instinet Clearing Services, Inc. (August 21, 2000); Jeffrey C. Bernstein, Bear, Stearns Securities Corp. (August 28, 2000); Thomas J. Perna, Senior Executive Vice President, The Bank of New York (August 29, 2000); James D. Hintz, Chairman, Great Lakes Investment Managers Operations Group (September 5, 2000); Diane L. Schueneman, First Vice President, Merrill Lynch Investment Managers (September 12, 2000); Judith Donahue, Chairperson, and Kenneth Juster, Director, The Asset Managers Forum (September 12, 2000); Melvin B. Taub, Salomon Smith Barney (September 14, 2000); Ronald J. Kessler, Corporate Vice President and Director of Operations, A.G. Edwards & Sons, Inc. (October 5, 2000); Richard B. Nesson, Managing Director and General Counsel, The Depository Trust & Clearing Corporation ("DTCC") (November 20, 2000); Burkhard Gutzeit, Chairman, and C. Steven Crosby, Acting Chief Executive Officer, Global Straight Through Processing AG ("GSTP AG") (December 18, 2000); Justin Lowe, Chief Executive Officer, and Robert Raich, Chief Financial Officer, TLX Trading Network ("TLX") (December 18, 2000); and John P. Davidson, Managing Director, Morgan Stanley Dean Witter (December 21, 2000); J. Ann Bonathan, Director, Schroders (December 28, 2000); Kamezo Nakai, Managing Director, Nomura Securities Co., Ltd. (December 29, 2000); Burkhard H. Gutzeit, Chairman, and C. Steven Crosby, Acting Chief Executive Officer, GSTP AG (January 3, 2001); Gary Bullock, Global Head of Operations, UBS Warburg (January 3, 2001); Carl H. Urist, Managing Director and Deputy General Counsel, DTCC (January 4, 2001); James M. Brown, Senior Vice President and Treasurer, The Capital Group Companies, Inc. (January 4, 2001); James J. Mitchell, President, Northern Trust Corporation (January 4, 2001); Arthur Barton, Chief Administrative Officer, Clay Finley Inc. (January 4, 2001); Robert K. DiFazio, Salomon Smith Barney (January 4, 2001); R.J.M. van der Horst, Managing Director, ABN AMRO Bank (January 4, 2001); David J. Brooks, Vice President, Merrill Lynch (January 5, 2001); Neil Henderson, Senior Vice President, The Chase Manhattan Bank (January 5, 2001); Michael Wyne, Chairman, and Gary Koenig, Vice Chairman, The Asset Managers Forum (January 5, 2001); E. Blake Moore, Jr., General Counsel, Nicholas-Applegate (January 5, 2001); Mitchell Lenson, Managing Director-Global Head of Operations and Technology, Deutsche Bank Group (January 5, 2001); Albert E. Petersen, Executive Vice President, State Street (January 5, 2001); Carl H. Urist, Managing Director and Deputy General Counsel, DTCC (January 12, 2001); Bradley I. Abelow, Managing Director, Goldman, Sachs & Co. (January 22, 2001); Burkhard H. Gutzeit, Chairman, and C. Steven Crosby, Acting Chief Executive Officer, GSTP AG (January 30, 2001); Lawrence A. Gross, Vice President and General Counsel, Sungard (February 9, 2001); Richard B. Nesson, Managing Director and General Counsel, DTCC (March 9, 2001); and Richard B. Nesson, Managing Director and General Counsel, DTCC (March 9, 2001).

Copies of the comment letters and a copy of the Summary of Comments can be obtained through the Commission's Public Reference Room (File No. DTC-00-10).

<sup>4</sup> Securities Exchange Act Release No. 43742 (December 19, 2000), 65 FR 83119 (December 29, 2000).

<sup>5</sup> 15 U.S.C. 78f(b). In approving this proposal, the Commission has considered the proposed rule's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

<sup>6</sup> 15 U.S.C. 78f(b)(5).

<sup>7</sup> See footnote 3, *supra*.

<sup>8</sup> 15 U.S.C. 78f(b)(5).

<sup>9</sup> 15 U.S.C. 78s(b)(2).

<sup>10</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> The amendments clarify the proposed rule change and notice is not necessary.