Donna G. Lease, Team Leader, Forms Analysis and Design, Budget and Administrative Services Division, (202) 606–0623.

Office of Personnel Management.

Steven R. Cohen,

Acting Director.

[FR Doc. 01–9966 Filed 4–20–01; 8:45 am]

BILLING CODE 6325–50–P

RAILROAD RETIREMENT BOARD

Agency Forms Submitted for OMB Review

SUMMARY: In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), the Railroad Retirement Board (RRB) has submitted the following proposal(s) for the collection of information to the Office of Management and Budget for review and approval.

Summary of Proposal(s)

(1) *Collection Title:* Employer Reporting.

(2) *Form(s) Submitted:* AA–12, G–88A.1, G–88A.2, BA–6a.

(3) *OMB Number:* 3220–0005.

(4) *Expiration Date of Current OMB Clearance:* 11/30/2003.

(5) *Type of Request:* Revision of a currently approved collection.

(6) *Respondents:* Individuals or Households, Business or other for-profit.

(7) *Estimated Annual Number of Respondents:* 4,764.

(8) *Total Annual Responses:* 4,764.

(9) *Total Annual Reporting Hours:* 588.

(10) *Collection Description:* Under the Railroad Retirement Act and the Railroad Unemployment Insurance Act, railroad employers are required to report service and compensation for employees needed to determine eligibility to and amount of benefits paid.

Additional Information or Comments

Copies of the forms and supporting documents can be obtained from Chuck Mierzwa, the agency clearance officer (312–751–3363). Comments regarding the information collection should be addressed to Ronald J. Hodapp, Railroad Retirement Board, 844 North Rush Street, Chicago, Illinois, 60611–2092 and the OMB reviewer, Joe Lackey (202–395–7316), Office of Management and Budget, Room 10230, New Executive Office Building, Washington, DC 20503.

Chuck Mierzwa,

Clearance Officer.

[FR Doc. 01–9911 Filed 4–20–01; 8:45 am]

BILLING CODE 7905–01–M

SECURITIES AND EXCHANGE COMMISSION

[66 FR 19591, April 16, 2001]

Sunshine Act Meeting; Federal Register Citation of Previous Announcement

STATUS: Closed meeting.

PLACE: 450 Fifth Street, NW., Washington, DC.

DATE PREVIOUSLY ANNOUNCED: April 11, 2001.

CHANGE IN THE MEETING: Cancellation of Meeting.

The closed meeting scheduled for Wednesday, April 18, 2001 at 11:00 a.m. has been canceled.

Dated: April 18, 2001.

Jonathan G. Katz,

Secretary.

[FR Doc. 01–10091 Filed 4–19–01; 12:42 pm]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94–409, that the Securities and Exchange Commission will hold the following meeting during the week of April 23, 2001.

A closed meeting will be held on Wednesday, April 25, 2001, at 11:00 a.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c) (3), (4), (5), (7), (8), (9)(A), 9(B), and (10) and 17 CFR 200.402(a)(3), (4), (5), (7), (8), (9)(i), 9(ii), and (10), permit consideration of the scheduled matters at the closed meeting.

The subject matters of the closed meeting scheduled for Wednesday, April 25, 2001 will be:

institution and settlement of injunctive actions; and

institution and settlement of administrative proceedings of an enforcement nature.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact: The Office of the Secretary at (202) 942–7070.

Dated: April 18, 2001.

Jonathan G. Katz,

Secretary.

[FR Doc. 01–10092 Filed 4–19–01; 12:42 pm]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–44188; File No. 600–32]

Global Joint Venture Matching Services—US, LLC; Order Granting Exemption From Registration as a Clearing Agency

April 17, 2001.

I. Introduction

On September 21, 2000, the Global Joint Venture Matching Services—US, LLC (''GJVMS'') filed with the Securities and Exchange Commission (''Commission'') and on January 31, February 23, March 16, and March 21, 2001, amended its application[1] for exemption from registration as a clearing agency pursuant to section 17A of the Securities Exchange Act of 1934 (''Exchange Act'')[2] and Rule 17Ab2–1 thereunder.[3] Notice of GJVMS's application was published in the **Federal Register** on November 17, 2000.[4] The Commission received thirty-six comment letters in response to the notice of GJVMS's exemption request.[5]

[1] Copies of GJVMS's Form CA–1 are available for inspection and copying at the Commission's Public Reference Room in File No. 600–32.

[2] 15 U.S.C. 78q–1.

[3] 17 CFR 240.17Ab2–1.

[4] Securities Exchange Act Release No. 43540 (November 9, 2000), 65 FR 69582.

[5] Letters from Jerome J. Clair, Chairman, Securities Industry Association 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); John P.

This order grants GJVMS an exemption from registration as a clearing agency subject to certain conditions and limitations described below in order that GJVMS may offer an electronic trade confirmation (''ETC'') service and a Central Matching Service.[6]

II. Description of GJVMS's Services

A. Structure of GJVMS

GJVMS is a limited liability company which prior to the commencement of its operations will become a wholly-owned subsidiary of Omgeo.[7] Omgeo is a proposed joint venture between DTCC,[8] Thomson Financial Inc.,[9] and Interavia, A.G. (''Interavia'') (Joint Venture Agreement).[10] GJVMS is a member managed limited liability company and as such it will be managed by its only member, Omgeo. Omgeo will be a manager managed limited liability company which is managed by its board of managers. The Omgeo board of managers will consist of nine voting managers and one non-voting manager. Five of the voting managers will be industry representatives, three of which will be nominees of DTCC, and two will be nominees of Thomson.[11] Of the remaining four voting managers, two of the voting managers will be DTCC representatives, and two will be representatives of Thomson.[12]

While Omgeo will have several lines of business, it will conduct its U.S. ETC service and Central Matching Service wholly through GJVMS. Omgeo will combine the institutional trade processing services currently offered by DTC with the institutional trade processing services currently offered by Thomson Financial ESG.[13] DTC and Thomson Financial ESG's institutional trade processing services are the two principal systems used by broker-dealers and institutional investors for post-trade, presettlement processing of U.S. trades.

DTC will transfer, as a dividend, its TradeSuite service to DTCC which will transfer it to Omgeo pursuant to the Joint Venture Agreement.[14] TradeSuite consists of the following services:

1. TradeMessage, which provides for the automated exchange of post-trade messages between broker-dealers, custodians, and institutions, including messages such as block-trade notices of execution, allocation instructions, trade confirmations, and affirmations.
2. TradeMatch, which electronically compares institutions' allocations with broker-dealers' trade data.
3. TradeSettle, which supplies allocations, trade confirmations, and settlement messages with account and settlement data from DTC's Standing Instructions Database (''SID'') and routes settlement instructions to custodian banks and brokers-dealers' clearing agents. SID is a database of customer relationship information and settlement data that is shared by institutions, broker-dealers, and custodians.
4. TradeHub, which is a real-time global message translator which routes messages between parties using different communications protocols, message formats, and firm and securities identifiers.

Thomson Financial Services Inc. will transfer the following services of Thomson Financial ESG to Omgeo pursuant to the Joint Venture Agreement:

1. ALERT, which is a database of customer relationship information and settlement data that is shared by institutions, broker-dealers, and custodians.
2. OASYS, which provides for the electronic communication and acceptance or rejection of allocation instructions between institutions and broker-dealers.
3. OASYS Global, which provides for the electronic communication of allocation instructions and confirmations between institutions and broker-dealers.
4. MarketMatch, which streamlines the matching of broker-dealers' trade details with their counterparties around the world.
5. ITM Benchmarks, which is a suite of services that provides operational statistics relating to trade processing.[15]

The automated facilities and systems environment necessary to operate the ETC and Central Matching Services will be provided to Omgeo pursuant to a services agreement between DTCC and

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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); Mitchel 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); E. Blake Moore, Jr., General Counsel, Nicholas-Applegate (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.

[6] ''Central Matching Service,'' as such term is used in this order, means an electronic service to centrally match trade information between a broker-dealer and its institutional customer (so long as one or both of such parties is a U.S. person) relating to transactions in securities issued by a U.S. issuer, regardless of where the transactions are settled.

[7] As originally filed, Omgeo was to be called the Global Joint Venture. Letter amending Form CA–1 from Carl H. Urist, Managing Director and Deputy General Counsel, DTCC (January 31, 2001).

[8] DTCC was created in 1999 as a holding company for The Depository Trust Company (''DTC'') and the National Securities Clearing Corporation (''NSCC''). DTC and NSCC are registered with the Commission as clearing agencies.

[9] In the notice of application for exemption, Thomson Information Services Inc. was incorrectly identified as Thomson Institutional Services Inc. Since the original filing, Thomson Information Services Inc. has been renamed Thomson Financial Inc. Thomson Financial Inc. is a wholly owned indirect subsidiary of Thomson Corporation. Thomson Corporation is a global electronic information company. Letter amending Form CA–1 from Jeffrey T. Waddle, Vice President and Senior Counsel, DTCC (February 23, 2001).

[10] Interavia is a Swiss corporate affiliate of Thomson Financial Inc.

[11] As originally filed, GJVMS's Form CA–1 set forth that the board of managers was to be composed of seven voting managers and one non-voting manager. Three of the voting managers were to be industry board representatives with two nominated by DTCC and one nominated by the Thomson subsidiaries. Letter amending Form CA–1 from Carl H. Urist, Managing Director and Deputy General Counsel, DTCC (January 31, 2001).

[12] Omgeo's Class A interests will be owned 50.1% by DTCC and 49.9% by Thomson Financial Inc. Originally, Omgeo's Class B interests were to be owned 50% by DTCC, 45% by Thomson Financial Inc, and 5% by Interavia. Pursuant to information from Jeffrey T. Waddle, Vice President and Senior Counsel, DTCC, Omgeo's Class B interests will be owned 50% by DTCC, 46% by Thomson Financial Inc, and 4% by Interavia. Omgeo's Class C interests will be owned 50% by DTCC and 50% by Interavia.

Omgeo's Class A interests vote only on Omgeo's U.S. regulated aspects of its businesses. The Class B and C interests vote on all aspects of Omgeo's businesses but for the U.S. regulated aspects. The Class B interests receive all net income and retained earnings from Omgeo's U.S. operations, and the Class C interests receive all net income and retained earnings from Omgeo's operations outside of the U.S.

The Commission notes that any proposed changes to the Omgeo board or ownership structure will require an amendment to GJVMS's Form CA–1.

[13] Thomson Financial ESG is a division of Thomson Financial, a Thomson Corporation subsidiary. Letter amending Form CA–1 from Jeffrey T. Waddle, Vice President and Senior Counsel, DTCC (March 16, 2001).

Omgeo. Also pursuant to the services agreement, DTCC will provide to Omgeo legal and regulatory, audit, accounting, and human resources services. Omgeo will make these services and systems available to GJVMS through a services agreement between Omgeo and GJVMS.

B. GJVMS's Proposed Service

GJVMS plans on offering an ETC service and a Central Matching Service. The ETC service would transmit messages (*i.e.,* confirmation and affirmation messages) among broker-dealers, institutional customers, and custodian banks and would ultimately result in the production of an affirmed trade confirmation in accordance with the requirements of various self-regulatory organizations rules.[16] The Central Matching service would compare or match trade information submitted by a broker-dealer (*i.e.,* confirmation information) with the trade information submitted by an institutional customer (*i.e.,* allocation instructions) to produce an affirmed confirmation.[17]

C. The Need for Matching Services

According to the Securities Industry Association (''SIA''), as trading volumes have continued their dramatic upward climb over the past decade,[18] the securities industry has been focusing its attention on the transformation the industry must undergo to cope with these volumes and the potential for even greater increases in the years ahead.[19] The industry has concluded that the current post-trade presettlement processing system for institutional trades needs major changes.[20] This will be especially true if a shorter settlement period is to be achieved.[21] Even in T+3 environment, the current system for post-trade presettlement processing of institutional trades, which consists of a series of sequential and repetitive steps using a process developed when the volume of trades was far lower than it is today and when settlement occurred on T+5 is showing signs of inadequacy under the increasing volumes of trades.

Many in the industry believe that Central Trade Matching must be implemented in order to address these concerns. While institutional trade volumes have increased, trade date confirmation input rates have remained fairly consistent. As a result, many more trades are being confirmed and affirmed later in the settlement cycle, which poses an increased risk that trades will fail to settle on T+3.[22]

III. Comment Letters

The Commission received thirty-six comment letters in response to the notice of filing of GJVMS's application. Eleven of the comment letters praised GJVM's timing in light of the industry need for straight-through processing and a shortened settlement cycle to reduce settlement risks and stressed that there remain no more meaningful efficiencies to be drawn from the current settlement system.[23] In addition, these letters applauded GJVMS'S intention to interoperate with other competitors and pledged support in furtherance of GJVMS'S progress.

Seventeen comment letters urged the Commission to ensure that no entity improperly gains a monopoly on any aspect of trade processing.[24] Those letters requested that before the Commissioning grants an exemption to GJVMS's, the Commission take steps to safeguard interoperability and competition among service providers.

[16] These rules are National Association of Securities Dealers Rule 11860(a)(5), New York Stock Exchange Rule 387(a)(5), Municipal Securities Rulemaking Board Rule G–15(d)(ii), American Stock Exchange Rule 423(5), Chicago Stock Exchange Article XV, Rule 5, Pacific Exchange Rule 9.12(a)(5), and Philadelphia Stock Exchange Rule 274(b).

[17] GJVMS's Central Matching Service will be used to match trade information where either the broker-dealer or the institutional customer or both is a U.S. entity and where the security is registered in the United States. Therefore, GJVMS is subject to the clearing agency provisions of Section 17A of the Securities Exchange Act of 1934. *See*, Securities Exchange Act Release No. 39829 (April 6, 1998), 63 FR 17943 (''Matching Release''). The Commission understands that DTCC and Thomson plan to create entities affiliated with Omgeo and GJVMS that will provide ETC and Central Matching Services for non-U.S. registered securities and non-U.S. entities. If these entities were to provide ETC and Central Matching Services for U.S. securities or U.S. entities, an independent assessment must be made as to whether clearing agency registration or an exemption from clearing agency registration would be required.

[18] The SIA has indicated that 250 million institutional trade confirmations were processed in 1999. In 1995, 130 million institutional trade confirmations were processed.

[19] SIA T+1 Business Case Model (July 2000).

[20] The institutional trade process typically starts when an institution or its agent places an order to buy or sell securities with its broker-dealer. After the broker-dealer executes the trade, the broker-dealer will advise the institution of the details of the executed trade. This is generally called a notice of execution. Once received, the institution can use the OASYS system to advise the broker-dealer how the trade should be allocated among its various accounts.

When the broker-dealer completes allocating the shares among the institution's accounts, the broker-dealer submits trade data reflecting its distribution to each of the institution's accounts. DTC's TradeSuite service forwards the trade data in the form of a confirmation for each account to the institution, the broker-dealer, and other interested parties (*e.g.,* correspondent banks or trustees). The institution reviews the confirmation for accuracy (*i.e.,* compares the confirmations to its allocations instructions). For each confirmation, that is accurate, the institution will send an affirmation message to DTC. DTC will generate and send an affirmed confirmation to the broker-dealer and to the institution's settlement agent. At this point, the trade is sent into DTC's settlement system. (DTC's TradeSuite service is not a settlement system in that no money or securities move through it.)

[21] The U.S. securities industry is pursuing a major initiative to reduce the settlement cycle for securities transactions from three business days (T+3) to one business day (T+1). The SIA T+1 Business Case Model report suggests that the securities industry can shorten the settlement cycle from T+3 to T+1 by June 2004.

[22] The average daily U.S. institutional trade volume increased to 432,000 trades in 1999 from 182,000 trades in 1995. However, in 1999, an average of 70,000 institutional trade confirmations with an average value of $15 billion a day were not submitted by broker-dealers into DTC's TradeSuite system on trade date. This doubled the 1995 average of 36,000 valued at $7 billion. DTC has experienced trade date confirmation input rates as low as 76% on certain peak days during the first quarter of 2000 as compared with the fairly steady average rate of 85% over the past several years. In addition, only 12% of trades are currently affirmed on trade date and only 88% of trades are affirmed by noon of T+2, the deadline for automatic submission of the affirmed trade into DTC's settlement system. The remaining 12% are not automatically entered into DTC's settlement system and require further action on the part of the parties to settle.

[23] Jerome J. Clair, Chairman, Securities Industry Association 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. Scheuneman, 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); and John P. Davidson, Managing Director, Morgan Stanley Dean Witter (December 21, 2000).

[24] 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); 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); E. Blake Moore, Jr., General Counsel, Nicholas-Applegate (January 5, 2001); Mitchel 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); 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); Bradely I. Abelow, Managing Director, Goldman, Sachs & Co. (January 22, 2001); and Burkhard H. Gutzeit, Chairman, and C. Steven Crosby, Acting Chief Executive Officer, GSTP AG (January 30, 2001).

GSTP AG expressed its concern that combining elements of DTC, an industry utility, with a commercial entity, Thomson Financial Inc., could limit access to DTC by competitors and could give GJVMS an unfair advantage through differential pricing, lack of interoperability, and preferential treatment of GJVMS's clients by DTC.[25]

In response to the GSTP AG's comment letters and other comment letters raising similar issues, DTCC stated that (1) DTC, as a registered clearing agency, is prohibited from unfairly discriminating among users, (2) interoperability is a complex issue that must be solved through participation of the SIA, the Commission, and competing providers, (3) access to DTC's settlement system and the prices it charges will not be affected by GJVMS, (4) GJVMS will not use intellectual property concerns to interfere with access to DTC, (5) standardized access to DTC will still be available as it has been for the past twenty-five years, and (6) GJVMS will have its own sales force separate from DTC.[26]

GSTP AG responded to DTCC's letter and stated that DTC must clearly explain which functions will continue to be performed exclusively by DTC and which will be performed by GJVMS.[27] In particular, GSTP AG stated that DTCC's response left unclear whether DTC will consider GJVMS to be a vendor at the same level as GSTP AG or any other central matching service, or whether DTC will accord to GJVMS preferential treatment. Also, GSTP AG stated that DTCC failed to address how communications with settlement agents will occur. GSTP AG said that fair and open access to DTC settlement functions for all matching services must encompass a requirement that DTC, not GJVMS, continued to provide this service. Furthermore, GSTP AG expressed its concerns that DTCC did not clarify interoperability and whether DTC's customer service will show preferential treatment to clients of GJVMS.

DTCC responded to GSTP AG's January 3, 2001, letter by stating that the GSTP AG comment letter reflects confusion by GSTP AG about the functions to be performed by GJVMS.[28] In addition, DTCC stated that DTC would limit its activities to following the settlement instructions authorized by its participants whether those instructions were submitted by GJVMS, GSTP, AG, or any other Central Matching Service or vendor. Finally, DTCC stated that its expects that the concerns expressed by GSTP AG about interoperability and the relationship between DTC and GJVMS will be fully addressed in the Commission's approval orders.

A comment by TLX Trading Network expressed concern about the post-merger availability and affordability of TradeMessage, SID, and ALERT to vendors.[29] DTCC stated in response that access to TradeMessage, SID, and ALERT will not be hampered by GJVMS.[30] DTCC asserted that the same procedure for settlement instructions will continue after the formation of GJVMS. Vendors acting on behalf of DTC participants will be able to transmit settlement instructions directly to DTC without the involvement of GJVMS. As is done today, DTC will charge fees for such services to the participants on whose behalf the vendors are acting, with no additional charges to the vendors, In addition, DTCC stated in its letter that the same open access by customers' vendors to SID will continue with respect to the unified database after GJVMS commences operations.

Sungard expressed concern that moving TradeSuite and SID to GJVMS will require competitors either to adhere to GJVMS's protocols and presumably higher fees for access or to incur the expense of building redundant databases.[31] DTCC responded that the Sungard letter appears to raise the same issues that were previously addressed in DTCC's January 4, and 12, 2001, letters responding to the TLX and GSTP AG letters.[32]

IV. Discussion

A. Statutory Standards

Section 17A(b)(1) of the Exchange Act requires all clearing agencies to register with the Commission.[33] On April 6, 1998, the Commission issued the Matching Release in which it concluded that an entity that provides matching services[34] as an intermediary between broker-dealers and institutional customers is a clearing agency[35] and is subject to the registration requirements of section 17A(b)(1).[36]

However, section 17A(b)(1) also states that, upon the Commission's motion or upon a clearing agency's application, the Commission may conditionally or unconditionally exempt a clearing agency from any provisions of section 17A or the rules or regulations thereunder if the Commission finds that such exemption is consistent with the public interest, the protection of investors, and the purposes of section 17A, including the prompt and accurate clearance and settlement of securities transactions and the safeguarding of securities and funds.[37] As the Matching Release noted, a clearing agency whose clearing agency functions are limited to providing a Central Matching Service generally would be required to register as a clearing agency but could apply for an appropriate exemption.

B. Evaluation of GJVMS's Application for Exemption

In evaluating GJVMS's application for exemption, the Commission is guided by the requirements of section 17A of the Exchange Act. Among other factors, the Commission considered GJVMS's risk management procedures, operational capacity and safeguards,

[25] Letter from Burkhard H. Gutzeit, Chairman, and C. Steven Crosby, Acting Chief Executive Officer, GSTP AG (Janaury 3, 2001).

[26] Letter from Carl H. Urist, Managing Director and Deputy General Counsel, DTCC (January 12, 2001).

[27] Letter from Burkhard H. Gutzeit, Chairman, and C. Steven Crosby, Acting Chief Executive Officer, GSTP AG (January 30, 2001).

[28] Letter from Richard B. Nesson, Managing Director and General Counsel, DTCC (March 9, 2001).

[29] Letter from Justin Lowe, Chief Executive Officer, and Robert Raich, Chief Financial Officer, TLX Trading Network (''TLX'') (December 18, 2000).

[30] Letter from Carl H. Urist, Managing Director and Deputy General Counsel, DTCC (January 4, 2001).

[31] Letter from Lawrence A. Gross, Vice President and General Counsel, Sungard (February 9, 2001).

[32] Letter from Richard B. Nesson, Managing Director and General Counsel, DTCC (March 9, 2001).

[33] 15 U.S.C. 78q–1(b)(1).

[34] Matching is the term used to describe the process whereby an intermediary independently determines whether trade data submitted by a broker-dealer (*i.e.,* confirmation information) matches the trade data submitted by the broker-dealer's institutional customer (*i.e.,* allocation information). If the information matches, the intermediary generates an affirmed confirmation to the broker-dealer and the institution.

[35] Section 3(a)(23) of the Exchange Act, 15 U.S.C. 78c(a)(23), defines the term clearing agency as, among other things:

[A]ny person who acts as an intermediary in making payments or deliveries or both in connection with transactions in securities or who provides facilities for comparison of data respecting the terms of settlement of securities transactions, to reduce the number of settlements of securities transactions, or for the allocation of securities settlement responsibilities.

[36] Securities Exchange Act Release No. 39829 (April 6, 1998), 63 FR 17943. Specifically, the Matching Release concluded that matching constitutes ''comparison of data respecting the terms of settlement of securities transactions.''

[37] The Commission granted Thomson Financial Technology Services, Inc., a wholly owned subsidiary of then Thomson Information Services Inc., an exemption to provide a matching service. Securities Exchange Act Release No. 41377 (May 7, 1999), 64 FR 25948 [File No. 600–31]. The Commission also approved a proposed rule change filed by DTC, a registered clearing agency, that allows DTC to provide a matching service. Securities Exchange Act Release No. 39832 (April 6, 1998), 63 FR 18062 [File No. SR–DTC–95–23].

organizational structure, and ability to operate in a manner that will satisfy the fundamental goals of section 17A (*i.e.,* the safety and soundness of the national clearance and settlement system).

As discussed below, the Commission has carefully considered the impact of GJVMS's proposed operation of a Central Matching Service on the national system for clearance and settlement and the potential impact on competition. Because the Central Matching Service will be the only clearing agency function that GJVMS will perform, the Commission believes that an exemption from full registration as a clearing agency is appropriate.[38] The Commission has also carefully considered the comment letters received in response to GJVMS's application and the fact that GJVMS will combine the two principal systems used by broker-dealers and institutional investors for post-trade, presettlement processing of U.S. trades. The Commission concludes that the conditions set forth in the exemption order appropriately address the issues raised by the comments.[39]

The Commission also finds that the conditions imposed upon GJVMS respecting other Central Matching Services will promote transparency, consistency, and interoperability in central trade matching and will assure that other Central Matching Services receive equal treatment. Consequently, the Commission believes these conditions are consistent with the public interest, the protection of investors, and the purposes of section 17A. Because these conditions are designed to promote interoperability, the Commission intends to require substantially the same conditions of other Central Matching Services that obtain an exemption from registration as a clearing agency.

C. Terms of GJVMS's Exemption [40]

1. Scope of Exemption

This order grants GJVMS an exemption from registration as a clearing agency under section 17A of the Exchange Act to provide a Central Matching Service and an ETC service where it will act as an intermediary in the confirmation/affirmation process to compare a broker-dealer's trade data with a customer's allocation instructions to produce an affirmed confirmation.[41] The exemption is granted subject to conditions that the Commission believes are necessary and appropriate in light of the statutory requirements of the section 17A objective of promoting a safe and efficient national clearance and settlement system and in light of GJVMS's structure and proposed operation. This exemptive order and the conditions an limitations contained in it are consistent with the Commission's statement in the Matching Release that an entity that limits its clearing agency functions to providing matching services does not have to be subject to the full range of clearing agency regulations.[42]

2. Conditions of Exemption

The Commission is including specific conditions to this exemption. As noted above, these conditions are designed to promote a safe and efficient national clearance and settlement system and to enable the Commission to monitor the operation of GJVMS's Central Matching Service.

a. *Operational Conditions.* (1) Before beginning the commercial operation of its central matching service, GJVMS shall provide the Commission with an audit report that addresses all the areas discussed in the Commission's Automation Review Policies (ARPs).[43] In order to verify that GJVMS is so organized and has the capacity to be able to facilitate prompt and accurate matching services, the exemption contained in this order will take effect thirty days after our staff has received an acceptable audit report.

(2) GJVMS shall provide the Commission (beginning in its first year of operation) with annual reports and any associated field work prepared by competent, independent audit personnel that are generated in accordance with the annual risk assessment of the areas set forth in the ARPs. GJVMS shall provide the Commission (beginning in its first year of operation) with annual audited financial statements prepared by competent independent audit personnel.

(3) GJVMS shall report all significant systems outages to the Commission. If it appears that the outage may extend for thirty minutes or longer, GJVMS shall report the systems outage immediately. If it appears that the outage will be resolved in less than thirty minutes, GJVMS shall report the systems outage within a reasonable time after the outage has been resolved.

(4) GJVMS shall provide the Commission with twenty business days' advance notice of any material changes that GJVMS makes to its Central Matching Service or ETC service. These changes will not require the Commission's approval before they are implemented.

(5) GJVMS shall respond and require its service providers (including DTCC and Omgeo) to respond to requests from the Commission for additional information relating to its Central Matching Service and ETC service, and provide access to the Commission to conduct on-site inspections of all facilities (including automated systems and systems environment), records, and personnel related to the Central Matching Service and ETC service. The requests for information shall be made and the inspections shall be conducted solely for the purpose of reviewing the Central Matching Service's and the ETC service's operations and compliance with the federal securities laws and the terms and conditions of this exemptive order.

(6) GJVMS shall supply the Commission or its designee with periodic reports regarding the affirmation rates for institutional transactions effected by institutional investors that utilize its Central Matching Service and ETC service.[44]

(7) GJVMS shall preserve a copy or record of all trade details, allocation

[38] GJVMS specifically represented that it will not perform other functions of a clearing agency such as net settlement, maintaining a balance of open positions between buyers and sellers, marking securities to the market, or handling funds or securities.

[39] The Commission also notes that another order it is issuing today addresses commenters' concerns about possible preferential treatment for GJVMS by DTC. The order specifically highlights the existing statutory requirement that DTC provide equitable allocation of dues, fees, and other charges among its participants and refrain from imposing any burden on competition not necessary or appropriate in furtherance of the purposes of section 17A of the Exchange Act. Securities Exchange Act Release No. 44189 (April 17, 2001) [File No. DTC–00–10] (order approving proposed rule change by DTC to transfer its TradeSuite service to DTCC).

[40] The United States Department of Justice provided advice to the Commission in formulating certain conditions of this order.

[41] Because the Commission is granting GJVMS an exemption from clearing agency registration, GJVMS will not be a self-regulatory organization and therefore will not be required to file rule changes in accordance with section 19(b) of the Exchange Act, 15 U.S.C. 78s(b). Furthermore, the Commission is not requiring GJVMS to comply with the rule change filing requirements of section 19(b) as a condition of its exemption.

[42] *See also* Thomson Financial Technology Services, Inc., Securities Exchange Act Release No. 41377 (May 7, 1999), 64 FR 25948 [File No. 600–31] (order granting application for exemption from clearing agency registration).

[43] Securities Exchange Act Release Nos. 27445 (November 16, 1989), 54 FR 48703; and 29185 (May 9, 1991), 56 FR 22490.

[44] DTC submits monthly affirmation/confirmation reports to the appropriate self-regulatory organizations. The Commission anticipates a similar schedule for GJVMS.

instructions, central trade matching results, reports and notices sent to customers, service agreements, reports regarding affirmation rates that are sent to the Commission or its designee, and any complaint received from a customer, all of which pertain to the operation of its Central Matching Service and ETC service. GJVMS shall retain these records for a period of not less than five years, the first two years in an easily accessible place.

(8) GJVMS shall not perform any clearing agency function (such as net settlement, maintaining a balance of open positions between buyers and sellers, or marking securities to the market) other than as permitted by this exemption.

(9) Before beginning the commercial operation of its Central Matching Service, GJVMS shall provide the Commission with copies of the service agreements between DTCC and Omgeo, between Thomson Financial Inc. and Omgeo, and between Omgeo and GJVMS. GJVMS shall notify the Commission of any material changes to these service agreements.

b. *Interoperability Conditions.* (1) GJVMS shall develop, in a timely and efficient manner, fair and reasonable linkages between GJVMS's Central Matching Service and Other Central Matching Services [45] that, at a minimum, allow parties to trades that are processed through one or more Central Matching Services to communicate through one or more appropriate effective interfaces with Other Central Matching Services.

(2) GJVMS shall devise and develop interfaces with Other Central Matching Services that enable end-user clients or any service that represents end-user clients to GJVMS (''End-User Representative'') to gain a single point of access to GJVMS and Other Central Matching Services. Such interfaces must link with each Central Matching Service so that an end-user client of one Central Matching Service can communicate with all end-user clients of all Central Matching Services, regardless of which Central Matching Service completes trade matching prior to settlement.

(3) If any intellectual property proprietary to GJVMS is necessary to develop, build, and operate links or interfaces to GJVMS's Central Matching Service, as specified in this order, GJVMS shall license such intellectual property to Other Central Matching Services seeking linkage to GJVMS on fair and reasonable terms for use in such links or interfaces.

(4) GJVMS shall waive any right to assert any patent claims to prevent any Other Central Matching Service from operating a Central Matching Service that it has developed independently from GJVMS's Central Matching Service. Such waiver shall be self-executing and to the benefit of all Other Central Matching Services.

(5) GJVMS shall support industry standards in each of the following categories: Communication protocols (*e.g.,* TCP/IP, SNA); message and file transfer protocols and software (*e.g.,* FIX, MQSeries, SWIFT); message format standards (*e.g.,* FIX, ISITC); and message languages and metadata (*e.g.,* XML). However, GJVMS need not support all existing industry standards or those listed above by means of example. Within three months of regulatory approval, GJVMS shall make publicly known those standards supported by GJVMS's Central Matching Service. To the extent that GJVMS decides to support other industry standards, including new and modified standards, GJVMS shall make these standards publicly known upon making such decision or within three months of updating its system to support such new standards, whichever is sooner. Any translation to/from these published standards necessary to communicate with GJVMS's system shall be performed by GJVMS without any significant delay or service degradation of the linked parties' services.

(6) GJVMS shall make all reasonable efforts to link with each Other Central Matching Service in a timely and efficient manner, as specified below. Upon written request (the ''Written Request''), GJVMS shall negotiate with each Other Central Matching Service to develop and build an interface that allows the two to link central matching services (''Interface''). GJVMS shall involve neutral industry participants (*e.g.,* qualified SIA representative(s) not serving on the Board or Executive Committee of any Other Central Matching Service or otherwise affiliated or associated with any Other Central Matching Service) in all negotiations to build or develop Interfaces and, to the extent feasible, incorporate input from such participants in determining the specifications and architecture of such interfaces. Absent adequate business or technological justification,[46] GJVMS and the requesting Other Central Matching Service shall conclude negotiations and reach a binding agreement to develop and build an Interface within 120 calendar days of GJVMS's receipt of the Written Request. This 120-day period may be extended upon the written agreement of both GJVMS and the Other Central Matching Service engaged in negotiations. For each Other Central Matching Service with whom GJVMS reaches a binding agreement to develop and build an Interface, GJVMS shall begin operating such Interface within 90 days of reaching a binding agreement and receiving all the information necessary to develop and operate it. This 90-day period may be extended upon the written agreement of both GJVMS and the Other Central Matching Service. For each Interface and within the same time GJVMS must negotiate and begin operating each Interface, GJVMS and the Other Central Matching Service shall agree to ''Commercial Rules'' for coordinating in the provision of Central Matching Services through their respective Interface, including commercial rules: (A) Allocating responsibility for performing Central Matching Services; and (B) allocating liability for service failures. GJVMS shall also involve neutral industry participants in negotiating applicable Commercial Rules and, to the extent feasible, take input from such participants into account in agreeing to Commercial Rules. At a minimum, each Interface shall enable GJVMS and the Other Central Matching Service to transfer between them all trade and account information necessary to fulfill their respective central matching responsibilities as set forth in their Commercial Rules (''Trade and Account Information''). Absent an adequate business or technological justification, GJVMS shall develop and operate each Interface without imposing conditions that negatively impact the Other Central Matching Service's ability to innovate its matching service or develop and offer other value-added services relating to its matching service or that negatively impact the Other Central Matching Service's ability to compete effectively against GJVMS.

(7) In order to facilitate fair and reasonable linkages between GJVMS and Other Central Matching Services, GJVMS shall publish or make available to any Other Central Matching Service the specifications for any Interface and its corresponding Commercial Rules that are in operation within twenty days of receiving a request for such specifications and Commercial Rules.

[45] ''Other Central Matching Services'' means each Central Matching Service that is registered with the Commission or that receives an exemption from clearing agency registration from the Commission.

[46] The failure of neutral industry participants to be available or to submit their input within the 120 day or 90 day time periods set forth in this Paragraph shall not constitute an adequate business or technological justification for failing to adhere to the requirements set forth in this Paragraph.

Such specifications shall contain all the information necessary to enable any Other Central Matching Services not already linked to GJVMS through an Interface to establish a linkage with GJVMS through an Interface or a substantially similar interface. GJVMS shall link to any Other Central Matching Service, if the Other Central Matching Service so opts, through an interface substantially similar to any Interface and its corresponding Commercial Rules that GJVMS is currently operating. GJVMS shall begin operating such substantially similar interface and Commercial Rules with the Other Central Matching Service within 90 days of receiving all the information necessary to operate that link. This 90-day period may be extended upon the written agreement of both GJVMS and the Other Central Matching Service that plans to use that link.

(8) GJVMS and respective Other Central Matching Services shall bear their own costs of building and maintaining an Interface, unless otherwise negotiated by the parties.

(9) If a dispute arises relating to the negotiation for the building, development, or initial operation of an Interface, or Commercial Rules relating to that Interface, that cannot be resolved within the time frames set forth above, GJVMS or the Other Central Matching Service may submit the dispute to the Commission for review and request Commission assistance in its timely resolution.

(10) GJVMS shall provide to all Other Central Matching Services and End-User Representatives that maintain linkages with GJVMS sufficient advance notice of any material changes, updates, or revisions to its interfaces to allow all parties who link to GJVMS through affected interfaces to modify their systems as necessary and avoid system downtime, interruption, or system degradation.

Price for Interfaces

(11) GJVMS and each Other Central Matching Service shall negotiate fair and reasonable charges and terms of payment for the use of their Interface with respect to the sharing of Trade and Account Information (''Interface Charges''). In any fee schedule adopted under Paragraphs 11, 12, or 13 of this Order, GJVMS's Interface Charges shall be equal to the Interface Charges of the respective Other Central Matching Service.

(12) If GJVMS and the Other Central Matching Service cannot reach agreement on fair and reasonable Interface Charges within 60 days of receipt of the Written Request, GJVMS and the Other Central Matching Service shall submit to binding arbitration under the rules promulgated by the American Arbitration Association. The arbitration panel shall have 60 days to establish a fee schedule. The arbitration panel's establishment of a fee schedule shall be binding on GJVMS and the Other Central Matching Service unless and until the fee schedule is subsequently modified or abrogated by the Commission or GJVMS and the Other Central Matching Service mutually agree to renegotiate.[47]

(13) (A) The following parameters shall be considered in determining fair and reasonable Interface Charges: (i) The variable cost incurred for forwarding Trade and Account Information to Other Central Matching Services; (ii) the average cost associated with the development of links to end-users and End-User Representatives; and (iii) GJVMS's Interface Charges to Other Central Matching Services. (B) The following factors shall not be considered in determining fair and reasonable Interface Charges: (i) The respective cost incurred by GJVMS or the Other Central Matching Service in creating and maintaining Interfaces; (ii) the value that GJVMS or the Other Central Matching Service contributes to the relationship; (iii) the opportunity cost associated with the loss of profits to GJVMS that may result from competition from Other Central Matching Services; (iv) the cost of building, maintaining, or upgrading GJVMS's central matching service; or (v) the cost of building, maintaining, or upgrading value added services to GJVMS's central matching service. (C) In any event, the Interface Charges shall not be set at a level that unreasonably deters entry or otherwise diminishes price or non-price competition with GJVMS by Other Central Matching Services.

Prices for Customers

(14) GJVMS shall not charge its customers more for use of its Central Matching Service when one or more counter-parties are customers of Other Central Matching Services than GJVMS charges its customers for use of its Central Matching Service when all counter-parties are customers of GJVMS. GJVMS shall not charge customers any additional amount for forwarding to or receiving Trade and Account Information from Other Central Matching Services called for under applicable Commercial Rules.

(15) GJVMS shall maintain its quality, capacity and service levels in the interfaces with Other Central Matching Services (''matching services linkages'') without bias in performance relative to similar transactions processed completely within GJVMS. GJVMS shall preserve and maintain all raw data and records necessary to prepare reports tabulating separately the processing and response times on a trade by trade basis for: (A) Completing its Central Matching Service when all counter-parties are customers of GJVMS; (B) completing its Central Matching Service when one or more counter-parties are customers of Other Central Matching Services; or (C) forwarding trade information to Other Central Matching Services called for under applicable Commercial Rules. GJVMS shall retain the data and records for a period not less than six years. Sufficient information shall be maintained to demonstrate that the requirements of Paragraph 16 below are being met. GJVMS and its service providers shall provide the Commission with reports regarding the time it takes GJVMS to process trades and forward information under various circumstances within thirty days of the Commission's request for such reports. However, GJVMS shall not be responsible for identifying the specific cause of any delay in performing its Central Matching Service where the fault for such delay is not attributable to GJVMS.

(16) GJVMS shall process trades or facilitate the processing of trades by Other Central Matching Services on a first-in-time priority basis. For example, if GJVMS receives Trade and Account Information that GJVMS is required to forward to Other Central Matching Services under applicable Commercial Rules (''pass through information'') prior to receiving Trade and Account Information from GJVMS's customers necessary to provide Central Matching Services for a trade in which all parties are customers of GJVMS (''intra-hub information''), GJVMS shall forward the pass through information to the designated Other Central Matching Service prior to processing the intra-hub information. If, on the other hand, the information were to come in the reverse order, GJVMS shall process the intra-hub information before forwarding the pass-through information.

(17) GJVMS shall sell access to its databases, systems or methodologies for transmitting settlement instructions (including settlement instructions from investment managers, broker-dealers, and custodian banks) and/or

[47] The Commission is reserving its jurisdiction to, in its sole discretion, review de novo the fee schedule resulting from negotiation or arbitration. *See* section 17A(b)(3)(I), 15 U.S.C. 78q–1(b)(3)(I).

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.[48] 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 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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[48] 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.

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'') [1] and Rule 19b–4 thereunder,[2] 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.[3] 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.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 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.