

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-55016; File No. SR-SCCP-2006-04)

December 28, 2006

Self-Regulatory Organizations; Stock Clearing Corporation of Philadelphia; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Fees Associated with the Trade Processing of Equity Securities in Connection with XLE

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> notice is hereby given that on November 2, 2006, Stock Clearing Corporation of Philadelphia ("SCCP") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by SCCP. SCCP filed the proposed rule change under Section 19(b)(3)(A)(ii)<sup>3</sup> of the Act and Rule 19b-4(f)(2)<sup>4</sup> thereunder so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

SCCP proposes to amend its fee schedule to reflect fees associated with the trade processing of equity securities through SCCP in connection with the new equity trading system of the Philadelphia Stock Exchange, Inc. ("Phlx") ("XLE").<sup>5</sup> Under XLE, Phlx will no longer

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

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

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

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

<sup>5</sup> XLE will provide the opportunity for entirely automated executions to occur within a central matching system accessible by Phlx members and member organizations and their sponsored participants. Securities Exchange Act Release No. 54538 (September 28, 2006), 71 FR 59184 (October 6, 2006) [File No. SR-Phlx-2006-43]. Phlx filed a separate proposed rule change [File No. SR-Phlx-2006-70] with the Commission to adopt a Phlx fee schedule for trading equity securities on XLE.

operate a physical trading floor for equity securities or the Philadelphia Stock Exchange Automated Communication and Execution (“PACE”)<sup>6</sup> system. Therefore, SCCP proposes to amend its fee schedule as set forth below to: (1) accommodate the trade processing of equity securities on XLE once XLE is launched; (2) delete any fees that will become obsolete under XLE, and (3) make other minor technical changes to its fee schedule.

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

In its filing with the Commission, SCCP included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. SCCP 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

The purpose of the proposed rule change is to amend SCCP's fee schedule to accommodate the trade processing of equity securities on XLE once XLE is launched.<sup>7</sup> The fees will be assessed on SCCP participants. Specifically, SCCP will change its account fees by charging an account maintenance fee of \$150.00 per month for RIO accounts with 20 or fewer

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<sup>6</sup> PACE was Phlx's order routing, delivery, execution, and reporting system for its equity trading floor. Exchange Rules 229 and 229A.

<sup>7</sup> The text of the amended fee schedule can be found at [http://www.phlx.com/SCCP/sccp\\_rules/SR-SCCP-2006-04.pdf](http://www.phlx.com/SCCP/sccp_rules/SR-SCCP-2006-04.pdf)

trades per month and \$250.00 per month for RIO accounts with over 20 trades per month. An account maintenance fee of \$650.00 per month will be assessed for margin accounts.<sup>8</sup>

SCCP will also charge the following trade recording fees for XLE trades: \$0.47 per side for Blue tickets;<sup>9</sup> \$0.30 per trade (maximum of \$100,000 per month) for XLE market maker<sup>10</sup> trades cleared through a SCCP margin account; and \$0.47 per trade for proprietary trades cleared through a SCCP margin account. SCCP will not charge trade recording fees for any other XLE trades.

SCCP is renaming its “value fees” as “transaction fees” on Blue tickets and Yellow tickets. Those fees will be \$0.0012 per share per side for RIO accounts and \$0.035 per \$1,000 of contract value per side for margin accounts. The maximum transaction fee for both RIO and margin accounts will be \$25.00 per trade per side.<sup>11</sup>

SCCP believes that the fees set forth above are competitive and should help to encourage Phlx members to clear through SCCP.

SCCP proposes to delete: (1) trade recording fees for PACE trades and for specialist trades matching with PACE trades; (2) specialist (other than remote specialists) discounts for trades cleared through a SCCP margin account; (3) ETF fees, along with associated disclaimers;

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<sup>8</sup> The term “RIO” means Regional Interface Organization, which is the system through which SCCP transmits and receives trade data from the National Securities Clearing Corporation (“NSCC”) for SCCP members that are also NSCC members. SCCP Rule 1.

<sup>9</sup> A Blue ticket refers to a Phlx XLE execution where the clearing information is then submitted to SCCP from a source other than XLE, such as orders entered over technology provided by Phlx for two-sided orders.

<sup>10</sup> The term “market maker” refers to a Phlx member organization that acts as a market maker pursuant to Phlx Rules 170 et. seq. Phlx Rule 1(1).

<sup>11</sup> Thus, a SCCP participant that currently uses a RIO account and submits orders to the Phlx through Phlx's PACE system would not experience a material increase in their trade recording fees and transaction (formally value) fees under this proposal by continuing to use a RIO account and submitting orders to Phlx through the XLE system.

and (4) SCCP transaction charges (remote specialists only). The purpose of these deletions is to update the fee schedule to delete the charges that have become obsolete under XLE. The purpose of making the minor technical changes to SCCP's fee schedule, such as renumbering the categories of fees, is to update the fee schedule to incorporate the proposed changes described above.

The remaining fees on the SCCP fee schedule will continue to be assessed on SCCP members.<sup>12</sup>

SCCP believes that proposed rule change is consistent with Section 17A of the Act and with Section 17A(b)(3)(D) in particular because it provides for the equitable allocation of reasonable fees and other charges among its participants.

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

SCCP does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

No written comments were either solicited or received

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

The foregoing proposed rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>13</sup> and Rule 19b-4(f)(2)<sup>14</sup> thereunder because it establishes or changes a due, fee, or other charge. At any time within 60 days of the filing of the proposed rule change,

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<sup>12</sup> These fees include additional suffix account fees, non-XLE trade recording fees for Yellow tickets, treasury transactions, margin account interest, research fees, computer transmissions/tapes, P&L statement charges, buy-ins, and trade ticket adjustment fees.

<sup>13</sup> 15 U.S.C. 78(s)(b)(3)(A)(ii).

<sup>14</sup> 17 CFR 240.19b-4(f)(2).

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 purposes 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 is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-SCCP-2006-04 on the subject line.

##### Paper comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-SCCP-2006-04. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of the

filing also will be available for inspection and copying at the principal office of SCCP. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-SCCP-2006-04 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>15</sup>

Jill M. Peterson  
Assistant Secretary

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<sup>15</sup> 17 CFR 200.30-3(a)(12).