

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

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Exhibit 1 - Notice of Proposed Rule Change

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

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Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

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Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

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Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

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Exhibit 5 - Proposed Rule Text

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

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Partial Amendment

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

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1. Text of the Proposed Rule Change

Stock Clearing Corporation of Philadelphia ("SCCP") pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² proposes to amend its schedule of fees to adopt a new per side SCCP transaction charge for remote specialist units only (the "Fee") for certain orders delivered to the Phlx over PACE³ and directed to the remote specialist unit ("Program Trading Sides"). Program Trading Sides are market orders sent by an order flow provider over the course of a day pursuant to the order flow provider's computerized trading methodology, based on a predetermined algorithm, as directed orders to the remote specialist unit through PACE, pursuant to existing Phlx rules.⁴ Further, in order for the Program Trading Sides to qualify for the Fee, the order flow provider sending the Program Trading Sides must be affiliated with the remote specialist unit to whom the Program Trading Sides are directed.

Under the new Fee, remote specialist units will be charged a fee of \$0.15 per trade side for Program Trading Sides (both odd-lots and round-lots) instead of the current fee of \$0.30 per round-lot trade side and \$0.10 per odd-lot trade side. For a given month, the Fee for each remote specialist unit will be capped at \$10.00 a day per security, provided the total number of Program Trading Sides settled by the remote specialist unit in all

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ PACE is the Philadelphia Stock Exchange Inc.'s ("Phlx") automated order routing, delivery, execution and reporting system for equities. *See* Phlx Rule 229.

⁴ Phlx Rules 229 and 229A govern the handling of orders received through PACE.

specialty securities exceeds 50,000 sides for that month.⁵ SCCP proposes that the Fee be effective beginning with trades settling January 3, 2005.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and a copy of SCCP's schedule of fees is attached hereto as Exhibit 5.

2. Procedures of the Self-Regulatory Organization

The SCCP Board of Directors approved the proposal for filing with the Securities and Exchange Commission ("SEC" or "Commission") on December 15, 2004.

Questions and comments on the proposed rule change may be directed to John Dayton, Assistant Secretary and Counsel, Phlx, at (215) 496-5162 or Edith Hallahan, Senior Vice President and Deputy General Counsel, Phlx, at (215) 496-5179.

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

a. Purpose

The purpose of the proposed rule change is to provide an incentive for remote specialist units to generate additional volume through attracting additional Program Trading Sides. Currently, SCCP charges remote specialist units a fee of \$0.30 per round-lot trade side and \$0.10 per odd-lot trade side for all of the remote specialist unit's trades, including any Program Trading Sides. SCCP is now proposing to amend its fee schedule to reduce the fee charged remote specialist units for executing Program Trading Sides to encourage additional business. SCCP believes that in light of the incentive provided by the Fee, remote specialist units and affiliated order flow providers may increase the

⁵ This refers to a calendar month.

volume of Program Trading Sides currently sent through PACE following implementation of the Fee.

b. Statutory Basis

The proposed rule change is consistent with Section 17A(b)(3)(D) of the Act,⁶ which requires that the rules of a registered clearing agency provide for the equitable allocation of reasonable dues, fees, and other charges among its participants.

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

SCCP does not believe that the proposed rule change will impose any inappropriate burden on competition.

5. 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.

6. Extension of Time Period for Commission Action

SCCP does not consent to an extension of the time period for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The foregoing proposed rule change has been designated as a fee change pursuant to Section 19(b)(3)(A)(ii) of the Act⁷ and Rule 19b-4(f)(2)⁸ thereunder. Accordingly, the proposal will take effect upon filing with the Commission. 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

⁶ 15 U.S.C. 78q-1(b)(3)(D).

⁷ 15 U.S.C. 78(s)(b)(3)(A)(ii).

⁸ 17 CFR 240.19b-4(f)(2)

the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

9. Exhibits

1. Notice of proposed rule for publication in the Federal Register.
5. SCCP Fee Schedule.

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-SCCP-2004-04)

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by Stock Clearing Corporation of Philadelphia Relating to Adoption of a New Per Side SCCP Transaction Charge for Remote Specialist Units

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 _____ 2004, Stock Clearing Corporation of Philadelphia ("SCCP") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by SCCP. 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, pursuant to Section 19(b)(1) and Rule 19b-4 thereunder,³ proposes to amend its schedule of fees to adopt a new per side SCCP transaction charge for remote specialist units only (the "Fee") for certain orders delivered to the Phlx over PACE⁴ and directed to the remote specialist unit ("Program Trading Sides"). Program Trading Sides are market orders sent by an order flow provider over the course of a day pursuant to the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4.

⁴ PACE is the Philadelphia Stock Exchange Inc.'s ("Phlx") automated order routing, delivery, execution and reporting system for equities. See Phlx Rule 229.

order flow provider's computerized trading methodology, based on a predetermined algorithm, as directed orders to the remote specialist unit through PACE, pursuant to existing Phlx rules.⁵ Further, in order for the Program Trading Sides to qualify for the Fee, the order flow provider sending the Program Trading Sides must be affiliated with the remote specialist unit to whom the Program Trading Sides are directed.

Under the new Fee, remote specialist units will be charged a fee of \$0.15 per trade side for Program Trading Sides (both odd-lots and round-lots) instead of the current fee of \$0.30 per round-lot trade side and \$0.10 per odd-lot trade side. For a given month, the Fee for each remote specialist unit will be capped at \$10.00 a day per security, provided the total number of Program Trading Sides settled by the remote specialist unit in all specialty securities exceeds 50,000 sides for that month.⁶ SCCP proposes that the Fee be effective beginning with trades settling January 3, 2005.

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.

⁵ Phlx Rules 229 and 229A govern the handling of orders received through PACE.

⁶ This refers to a calendar month.

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 provide an incentive for remote specialist units to generate additional volume through attracting additional Program Trading Sides. Currently, SCCP charges remote specialist units a fee of \$0.30 per round-lot trade side and \$0.10 per odd-lot trade side for all of the remote specialist unit's trades, including any Program Trading Sides. SCCP is now proposing to amend its fee schedule to reduce the fee charged remote specialist units for executing Program Trading Sides to encourage additional business. SCCP believes that in light of the incentive provided by the Fee, remote specialist units and affiliated order flow providers may increase the volume of Program Trading Sides currently sent through PACE following implementation of the Fee.

2. Statutory Basis

The proposed rule change is consistent with Section 17A(b)(3)(D) of the Act,⁷ which requires that the rules of a registered clearing agency provide for the equitable allocation of reasonable dues, 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 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.

⁷ 15 U.S.C. 78q-1(b)(3)(D).

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

The foregoing proposed rule change has been designated as a fee change pursuant to Section 19(b)(3)(A)(ii) of the Act⁸ and Rule 19b-4(f)(2)⁹ thereunder. Accordingly, the proposal will take effect upon filing with the Commission. 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 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. Please include File Number SR-SCCP-2004-04 on the subject line.

Paper comments:

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609.

⁸ 15 U.S.C. 78(s)(b)(3)(A)(ii).

⁹ 17 CFR 240.19b-4(f)(2).

All submissions should refer to File Number SR-SCCP-2004-04. 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-2004-04 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.¹⁰

Margaret H. McFarland
Deputy Secretary

¹⁰ 17 CFR 200.30-3(a)(12).

Exhibit 5*New Text Underlined; Deleted Text Bracketed***1. ACCOUNT FEES**

Maintenance Fee	\$150.00 per month (20 or fewer trades per month) \$250.00 per month(over 20 trades per month) \$650.00 per month (specialist)
Additional Suffix	\$32.00 per month per suffix

2. TRADE RECORDING FEES (except ECNs+, remote specialists, and QQQ fees)

Regular Trades	\$ 0.47 per side
PACE Trades ¹	No Charge
Specialist Trades Matching With PACE Trades*	\$0.27 per side for the first 2,500 trades per month \$0.10 per side for trades in excess of 2,500 per month
eVWAP tm Trades	\$0.30 per side
Yellow Tickets	\$0.47 per side

3. VALUE FEES (except ECNs+ and remote specialists)

Rio Accounts	\$0.05 per \$1,000 of contract value
Margin Accounts*	\$0.035 per \$1,000 of contract value
PACE Trades ¹	None
Maximum Value Charge*	\$25.00 per trade per side

+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 single 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.

¹ In connection with PACE trades, trade recording fees and value fees apply where an order, after being delivered to the Philadelphia Stock Exchange, Inc. by the PACE system is executed by way of an outbound ITS commitment, when such outbound ITS commitment reflects the PACE order’s clearing information, but do not apply where a PACE trade was executed against an inbound ITS commitment.

4. **SPECIALIST (OTHER THAN REMOTE SPECIALISTS) DISCOUNTS FOR TRADES CLEARED THROUGH A SCCP MARGIN ACCOUNT^{*2}**

Volume Level Discount (including PACE trades)	Discount Per side
2,501 to 10,000 sides per month	\$0.05
10,001 to 15,000 sides per month	\$0.10
15,001 to 20,000 sides per month	\$0.15
20,001 to 25,000 sides per month	\$0.20
25,001 to 30,000 sides per month	\$0.25
30,001 to 35,000 sides per month	\$0.30
35,001 to 40,000 sides per month	\$0.35
40,001 and over	\$0.40

5. **TREASURY TRANSACTIONS (except ECNs+)**

Per trade transaction	\$40.00 (plus pass through costs)
Per transfer	\$10.00 (plus pass through costs)

6. **MARGIN ACCOUNT INTEREST**

Charge on net debit balances	½% above bank broker call rate
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7. **RESEARCH FEES**

Per photocopy of input forms	\$4.00
Per microfiche copy	\$4.00
Items less than 90 days old	No charge
Items 1 year old or less	\$15.00 per hour
Items over 1 year old	\$15.00 per hour, \$25.00 minimum, plus archive retrieval costs

8. **COMPUTER TRANSMISSIONS/TAPES**

Purchase and Sale Trade Data (daily)	\$100.00 per month
Purchase and Sale Trades plus T+2 Settling Trades (daily)	\$150.00 per month
Miscellaneous	\$150.00 per month; includes 6 tapes/transmissions

² For SCCP participant firms engaged in a merger, acquisition, consolidation or other similar business combination, such firms may combine their respective volumes when determining the applicable discount for the month. SCCP Participants eligible for the combined discounts are required to request the combined volume level discounts within 30 days after the issuance of the SCCP invoice for the month in which such business combination occurs.

	\$ 25.00 per additional tape/transmission
9. P&L STATEMENT CHARGES	\$0.01 per line
10. BUY-INS	\$5.00 per item
11. NASDAQ 100 TRUST, SERIES 1 (“QQQ”), and Standard & Poor’s Depository Receipts® (SPDRs) and DIAMONDS® Exchange Traded Funds (“DIAMONDS® ”).# (except ECNs+)	
Non-Specialist	\$0.30 per trade side (Non-PACE Executions; No Charge for PACE Executions)
Specialist	\$0.50 per trade (for the first 1,000 trades)* \$0.25 per trade (for all subsequent trades, no further volume discounts)*
12. SCCP TRANSACTION CHARGE (REMOTE SPECIALISTS ONLY)	\$0.30/round lot trade per side. \$0.10/odd-lot trade per side. The combination of these fees is capped at \$100,000/month. For purposes of this fee, an odd-lot is defined as a trade under 100 shares, whereas a round-lot is defined as a trade of 100 shares or over. <u>\$0.15/trade per Program Trading Side.³</u> <u>This Fee will be capped at \$10.00 a day per security, provided the total number of Program Trading Sides settled by the remote specialist unit in all specialty securities exceeds 50,000 sides for that month.</u>
13. Trade Ticket Adjustment Fee	
0 to 5 Trade Ticket adjustments per month	No Charge
6 to 10 Trade Ticket adjustments per month	\$50 per ticket adjustment for tickets 6-10
11 to 15 Trade Ticket adjustments per month	\$100 per ticket adjustment for tickets 11-15
16 to 20 Trade Ticket adjustments per month	\$200 per ticket adjustment for tickets 16-20
21 or more Trade Ticket adjustment per month	\$300 per ticket adjustment for tickets in excess of 20

³ Program Trading Sides are market orders sent by an order flow provider over the course of a day pursuant to the order flow provider’s computerized trading methodology, based on a predetermined algorithm, as directed orders to the remote specialist unit through PACE. Further, in order for the Program Trading Sides to qualify for the Fee, the order flow provider sending the Program Trading Sides must be affiliated with the remote specialist unit to whom the Program Trading Sides are directed.

*Denotes fees not applicable to Specialist trades matching with PACE trades on the opening.

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Except as provided herein with respect to remote specialists, any fees, credits, discounts and other charges applicable to specialists in SCCP's fee schedule will apply to all equity specialists, including competing specialists.