

participant. The proposed rule change also modifies GSCC's Rule 1 to add definitions of the terms "common member," "cross-guarantee obligation," "cross-guarantee party," "defaulting common member," "defaulting member," and "limited cross-guarantee agreement." GSCC also is proposing to amend Rule 4, Section 6 to clarify that liabilities of GSCC include limited cross-guarantee payments made to a counterparty clearing agency pursuant to a limited cross-guarantee agreement.⁷

MBSCC's proposed rule change will add new Rule 4 to Article III of MBSCC's rules. The new rule will enable MBSCC to enter into one or more limited cross-guarantee agreements. The new rule provides that a former participant⁸ is obligated to MBSCC for any guarantee payment MBSCC is required to make to a clearing agency pursuant to the terms of any limited cross-guarantee agreement. The new rule also provides that amounts received by MBSCC under any limited cross-guarantee agreement will be applied to unpaid obligations of the former participant to MBSCC and to reduce assessments against and losses of original contraside participants. A technical modification will be made to renumber current Rule 4 of Article III as Rule 5. MBSCC's proposed rule change also modifies Rule 1 of Article I of MBSCC's rules to add definitions of the terms "limited cross-guarantee agreement," "cross-guarantee obligation," and "cross-guarantee party." MBSCC's proposed rule change also modifies Chapter VI of MBSCC's procedures relating to application of the participants fund to reflect that amounts received by MBSCC under any limited cross-guarantee agreement will be applied to unpaid obligations of a former participant of MBSCC and to reduce assessments against and losses of original contraside participants.⁹

ISCC's proposed rule change will add new Rule 13 to ISCC's rules. The new rule provides that an ISCC member is obligated to ISCC for any guarantee payment ISCC is required to make to a

clearing agency pursuant to the terms of any limited cross-guarantee agreement. ISCC's proposed rule change also modifies ISCC's rules to indicate that amounts available to satisfy aggregate losses will include amounts available under limited cross-guarantee agreements. ISCC's proposal also modifies ISCC's Rule 1 to add definitions of the terms "limited cross-guaranty agreement," "cross-guaranty obligation," and "cross-guaranty party."¹⁰

II. Discussion

Section 17A(b)(3)(F) of the Act¹¹ requires that the rules of a clearing agency be designed to assure the safeguarding of securities and funds in the custody or control of the clearing agency or for which it is responsible and to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions. The Commission believes the proposals are consistent with each clearing corporation's obligation to assure the safeguarding of securities and funds in the custody or control of the clearing agency or for which it is responsible because cross-guarantee agreements among clearing agencies are a method of reducing clearing agencies' risk of loss due to a common member's default. Furthermore, the Commission has encouraged the use of cross-guarantee agreements and other similar arrangements among clearing agencies.¹² Consequently, cross-guarantee agreements should assist clearing agencies in assuring the safeguarding of securities and funds in their custody or control.

The Commission also believes the proposals are consistent with each clearing corporation's obligation to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions. The Commission believes that by entering into such cross-guarantee agreements, clearing corporations can mitigate the systemic risks posed to an individual clearing corporation and to the national clearance and settlement system as a result of a defaulting common member.

⁷ The definitions of the terms described above as well as the specific changes to GSCC's rules and procedures are attached as Exhibit A to GSCC's proposed rule change which is available through GSCC or through the Commission's public reference room.

⁸ Under Section 10 of Rule 3 of Article III of MBSCC's rules, the term "former participant" is defined as a participant for whom MBSCC has ceased to act pursuant to Sections 1 and 2 of Rule 3 of Article III.

⁹ The definitions of the terms described above as well as the specific changes to MBSCC's rules and procedures are attached as Exhibit A to MBSCC's proposed rule change which is available through MBSCC or through the Commission's public reference room.

¹⁰ The definitions of the terms described above as well as the specific changes to ISCC's rules and procedures are attached as Exhibit A to ISCC's proposed rule change which is available through ISCC or through the Commission's public reference room.

¹¹ 15 U.S.C. § 78q-1(b)(3)(F) (1988).

¹² E.g., Securities Exchange Act Release Nos. 36431 (October 27, 1995), 60 FR 55749 [File No. SR-GSCC-95-03] and 36597 (December 15, 1995), 60 FR 66570 [File No. SR-MBSCC-95-05] (orders approving proposed rule changes authorizing the release of clearing data relating to participants).

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposals are consistent with the requirements of the Act, and in particular with Section 17A(b)(3)(F) of the Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule changes (File Nos. SR-MBSCC-96-02, SR-GSCC-96-03, and SR-ISCC-96-04) be, and hereby are, approved.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-22580 Filed 9-4-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37622; File No. SR-OCC-96-10]

Self-Regulatory Organizations; the Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to a Laptop Version of the Enhanced Clearing Member Interface Platform

August 29, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on July 18, 1996, The Options Clearing Corporation ("OCC") 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 primarily by OCC. 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

The proposed rule change would amend OCC's rules and schedule of fees to provide a laptop version of the Enhanced Clearing Member Interface ("ECMI") platform.

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

In its filing with the Commission, OCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments that it received on the proposed rule change. The text of these

¹³ 17 CFR 200.30-3 (a)(12) (1995).

¹ 15 U.S.C. 78s(b)(1) (1988).

statements may be examined at the places specified in Item IV below. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

OCC currently leases ECMI equipment³ to clearing members which is configured so that clearing members may interface with OCC via OCC's Clearing/Management and Control System ("C/MACS").⁴ That equipment currently operates on a desktop platform, and OCC's rules require that the equipment used to enter information to OCC and to receive reports from OCC be located in a clearing member's office. Clearing members have now requested that they be permitted to interface with OCC via laptop computers, and OCC has determined to permit the use of laptop computers outside of a clearing member's office. Because expirations require clearing members' personnel to perform C/MACS entry and approval after normal business hours, the ability to sign on from home and to complete the entry and approval process would produce both cost savings and convenience for clearing members. OCC proposes to lease such equipment to clearing members for a monthly fee of \$250 per laptop and \$50 per month for an optional printer. These proposed fees are based on OCC's costs of obtaining the equipment. Accordingly, OCC would amend its schedule of fees to reflect these monthly fees.

OCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act⁵ in that it creates the opportunity for more efficient means of communication between OCC and its clearing members, and it allocates reasonable fees in an equitable manner among OCC's clearing members in that the proposed fees reflect OCC's current costs of providing

the ECMI configuration to its clearing members.

(B) Self-Regulatory Organization's Statement on Burden on Competition

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

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

Written comments were not and are not intended to be solicited with respect to the proposed rule change, and none have been received.

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

The foregoing rule change has become effective on filing pursuant to Section 19(b)(3)(A)(ii) of the Act⁶ and Rule 19b-4(e)(2)⁷ thereunder in that the proposed rule change establishes or changes a due, fee, or other charge imposed by OCC. At any time within sixty days of the filing of such 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. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington DC 20549. 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, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of OCC. All submissions should refer to File No. SR-OCC-96-10 and

should be submitted by September 26, 1996.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-22627 Filed 9-4-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37618; File No. SR-OCC-96-07]

Self-Regulatory Organizations; the Options Clearing Corporation; Notice of Filing and Other Granting Accelerated Approval on a Temporary Basis of a Proposed Rule Change Relating to Revisions to the Standards for Letters of Credit Deposited as Margin

August 29, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on June 21, 1996, The Options Clearing Corporation ("OCC") 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 primarily by OCC. The Commission is publishing this notice and other to solicit comments on the proposed rule change from interested persons and to grant accelerated approval of the proposed rule change on a temporary basis through June 30, 1997.

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

The proposed rule change extends the Commission's previous temporary approval of the OCC's modifications that relate to OCC's standards for letters of credit deposited with OCC as margin. In general, OCC requires that letters of credit deposited by clearing members as margin with OCC be irrevocable and unless otherwise permitted by OCC expire on a quarterly basis. In addition, OCC may draw upon a letter of credit regardless of whether the clearing member has been suspended or has defaulted on any obligation to OCC if OCC determines that such action is advisable to protect OCC, other clearing members, or the general public.²

¹ 15 U.S.C. 78s(b)(1) (1988).

² For a complete description of these modifications to the standards for letters of credit, refer to Securities Exchange Act Release No. 29641, (August 30, 1991), 56 FR 46027 [File No. SR-OCC-91-13] (order temporarily approving proposed rule change through February 28, 1992).

² The Commission has modified such summaries.

³ ECMI permits clearing members, among other things, to input post-trade transactions via OCC's Clearing Management and Control System, to retrieve clearing reports via OCC's on-line report inquiry service, and to review information memoranda and other notices via OCC's Option News Network service. Securities Exchange Act Release No. 32366 (May 25, 1993), 58 FR 31435 [File No. SR-OCC-93-11] (notice of filing and immediate effectiveness of proposed rule change).

⁴ C/MACS is an on-line, menu-driven system that allows OCC member firms to access or input trade information directly from or to OCC's clearing systems.

⁵ 15 U.S.C. 78q-1 (1988).

⁶ 15 U.S.C. 78s(b)(3)(A)(ii) (1988).

⁷ 17 CFR 240.19.b-4(e)(2) (1995).