

GSCC members were participating in the repo comparison process so as to provide an economic benefit to those members. At this time, forty-six members are participating in the repo comparison process. Currently, each day GSCC compares an average of 2,317 repo transactions with a value of approximately \$79.3 billion and has achieved an overall comparison rate of 93.07 percent.

In view of this, GSCC's Board of Directors has determined that it is appropriate to begin to charge for the repo comparison service. GSCC proposes to establish a 50¢ per side transaction fee for the comparison of a repo transaction.⁶ The fee is for the comparison of the entire repo transaction (i.e., both the start and close legs). Similarly to buy/sell transactions, GSCC will impose a 25¢ fee to process a request to modify or cancel a comparison input relating to a repo transaction.

On November 17, 1995, GSCC implemented the first phase of its planned repo netting services, which provides netting, settlement, and guarantee of settlement services for the non-same-day settling aspects of overnight and term repos.⁷ Therefore, another purpose of this filing is to establish a \$1.00 per side fee for the netting of a start of close leg of a repo transaction by GSCC. This fee is the same as the fee for the netting of a side of a buy/sell transaction.

GSCC will incur administrative and operational expenses in the course of maintaining forward settling repos on its records and in providing risk management services for such repos, including daily mark-to-market. Therefore, this proposed rule change establishes a fee of 2¢ per calendar day for each start leg and close leg that has not been compared and netted but has not yet settled.⁸

In order to ensure that coupon payments related to the collateral underlying the repo are collected by the

appropriate party, GSCC will automatically pass the coupon payment from the holder of the securities to the funds borrower when a coupon payment date falls between the settlement date of the start leg and the settlement date of the close leg. To cover the administrative and operational expenses incurred in the course of providing this coupon pass-through service, GSCC is imposing a 25¢ fee per coupon movement on both the securities holder and the funds borrower.⁹

Finally, it should be noted that the Board of Directors of GSCC has determined that because GSCC's repo comparison and netting services are new, they will not at this time be subject to GSCC's discount policy.¹⁰ Therefore, GSCC is amending Section VI of its fee structure to provide that its discount pricing policy is not intended to apply to a newly provided service until GSCC's Board of Directors determines it to be sufficiently established.

Section 17A(b)(3)(D) of the Act¹¹ requires that the rules of a clearing agency provide for the equitable allocation of reasonable dues, fees, and other charges among its participants. GSCC believes that the proposed rule change is consistent with the requirements of Section 17A(b)(3)(D) of the Act because its new fee schedule allocates its fees equitably among its participants.

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

GSCC does not believe that the proposed rule change will impose any burden on completion 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.

Comments on the proposed rule change have not yet been solicited. Members will be notified of the rule filing in an important notice and comments will be solicited. GSCC will notify the Commission of any written comments received by GSCC.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii)¹² of the Act and Rule 19b-4(e)(2)¹³ thereunder because the rule change establishes or changes a due, fee, or other charge. 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 GSCC. All submissions should refer to the File No. SR-GSCC-95-06 and should be submitted by January 31, 1996.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁴

Margaret H. McFarland,
Deputy Secretary.
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⁶ The 50¢ fee is for computer-to-computer input and output. If a member uses input or output other than computer-to-computer (i.e., magnetic tape input or output or paper output) the fee rises to \$1.00 to \$1.50, which is comparable to the fees for buy/sell transactions.

⁷ For a complete description of these netting services, refer to Securities Exchange Act Release No. 36491 (November 17, 1995), 60 FR 61577 [File No. SR-GSCC-95-02] (order approving a proposed rule change relating to netting services for the non-same-day-settling aspects of next-day and term repos).

⁸ Because GSCC does not currently net start legs until the scheduled settlement date for such leg, this fee currently is not applicable to start legs. The fee also does not apply to close legs that settle one business day after the settlement date for the related start leg.

⁹ This fee also will apply to coupon movements made for fail settlement positions.

¹⁰ Under GSCC's discount policy, GSCC may discount its fees during a given month if the revenue received is in excess of the amount GSCC needs to maintain a sufficient capital base and sound financial structure.

¹¹ 15 U.S.C. § 78q-1(b)(3)(D) (1988).

¹² 15 U.S.C. § 78s(b)(3)(A)(ii) (1988).

¹³ 17 CFR 240.19b-4(e)(2) (1994).

¹⁴ 17 CFR 200.30-3(a)(12) (1994).

[Release No. 34-36629A; International Series Release No. 909A; File No. SR-NYSE-95-29]

Correction; Self-Regulatory Organizations; New York Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval of Amendments No. 1 and 2 Relating to the Specifications and Content Outline for the Canadian Module of the General Securities Registered Representative Examination (Series 37 and Series 38)

December 21, 1995.

In FR Document 95-31508 beginning on page 67385 for Friday, December 29, 1995, make the following correction:

In the third column, under *Description of the Proposal*, in line nineteen, "Series 37" should read "Series 38" and in line twenty-five, "Series 38" should read "Series 37".

Dated: January 4, 1996.

Margaret H. McFarland,
Deputy Secretary.

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[Release No. 34-36677; File No. SR-PTC-95-08]

Self-Regulatory Organizations; Participants Trust Company; Order Granting Accelerated, Permanent Approval of Proposed Rule Change Modifying the Opening of Processing Activity for Security Transactions

January 3, 1996.

On December 19, 1995, the Participants Trust Company ("PTC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-PTC-95-08) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").¹ The proposed rule change modifies the opening of processing activity for security transactions on a permanent basis. The Commission published notice of the proposed rule change in the Federal Register on January 3, 1996.² No comment letters were received. For the reasons discussed below, the Commission is granting accelerated, permanent approval of the proposed rule change.

I. Description

The proposed rule change modifies and makes permanent a ninety day pilot

program that commenced on October 23, 1995, that established the opening of security processing activity at 8:30 a.m. instead of the previous time of 7:00 a.m.³ The current end-of-day cut-off times will remain unchanged. Consistent with the pilot program, PTC's processing system will retain the 7:00 a.m. opening time for purposes of participant log-ons and intraparticipant movements of securities into or out of segregated accounts. In addition, the pilot program will be modified to permit the return of securities collateral to participant positions using PTC's Collateral Loan Facility ("CLF") mechanism beginning at 7:00 a.m.

The proposed rule change conforms the opening of processing activity at PTC to the 8:30 a.m. opening time of the Federal Reserve System's fedwire. This will eliminate the hour and a half window during which time transactions failing PTC's credit checks cannot be processed because participants are unable to move funds to PTC ("prefunding") until the 8:30 fedwire opening. PTC expects that the incidence of transactions that will require prefunding in order to pass credit checks during the 7:00 a.m. to 8:30 a.m. period will increase after the implementation of PTC/SPEED processing Release 5.6. Under SPEED Release 5.6, the abeyance account will be eliminated, and transactions will be immediately posted to the deliverer's and receiver's account (i.e., securities no longer will be posted to a participant's abeyance account while awaiting match by the receiving participant).⁴ Based on its experience during the pilot program, PTC anticipates that the later opening of processing activity will have no impact on the settlement process. PTC will continue to monitor any effects of the change.

The pilot program and the proposed permanent opening of security processing activity at 8:30 a.m. was discussed on December 7, 1995, at a meeting of the PTC Operations Committee, which consists of participant representatives. It was the consensus of the Operations Committee members that the 8:30 a.m. opening time for processing should be made permanent, and along with retaining the 7:00 a.m. opening time for

intraparticipant activities under the pilot program, participants also should be able to begin returning collateral using the CLF mechanism at 7:00 a.m.

II. Discussion

Section 17A(b)(3)(F) requires that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions.⁵ As discussed below, the Commission believes that PTC's proposal to modify permanently the opening time of processing activity for security transactions is consistent with PTC's obligation under the Act.

The implementation of SPEED Release 5.6 into PTC's processing system will cause simultaneous debiting and crediting of participants' cash and securities accounts. This will require that the cash balance of a receiving participant's account in an account transfer versus payment transaction be debited even though the delivery may not have been approved by the receiving participant. Match functionality no longer will operate to defer the debiting of the cash balance of the receiving participant until the delivery is approved. Because unmatched deliveries of transfers versus payment no longer will generate a credit to the cash balance of the delivering participant without the corresponding debit to the receiving participant, it is anticipated that the implementation of SPEED Release 5.6 may result in increased incidences of failed deliveries due to the receiving participant exceeding its net debit monitoring level and thereby requiring prefunding. The change in the opening time of processing activity at PTC to coincide with the opening of Fedwire should reduce the number of transactions failing credit checks because participants will be able to move funds through the fedwire to PTC at the opening of PTC's processing.

PTC has requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of the filing. The Commission finds good cause for so approving the proposed rule change. PTC has operated the proposed permanent changes as a pilot program since October 23, 1995. The Commission believes that PTC has satisfactorily monitored the effects of the modifications to the opening of security processing activity during the pilot program and anticipates that conforming the opening of processing activity at PTC to the opening time of

³ Securities Exchange Act Release No. 36405 (October 20, 1995), 60 FR 55629 [File No. SR-PTC-95-07] (notice of filing and order granting accelerated approval of proposed rule change establishing a ninety day pilot program through January 21, 1996).

⁴ For further information on SPEED Release 5.6 and changes to PTC's processing system, refer to Securities Exchange Act Release No. 36377 (October 16, 1995), 60 FR 54741 [File No. SR-PTC-95-06] (notice of filing of proposed rule change).

⁵ 15 U.S.C. § 78q-1(b)(3)(F) (1988).

¹ 15 U.S.C. § 78s(b)(1) (1988).

² Securities Exchange Act Release No. 36624 (December 21, 1995), 61 FR 208.