

current market value.⁵ MBSCC will value mortgage-backed securities with a remaining maturity of less than one year at the lesser of par or the current market value and Treasury securities with a remaining maturity of less than one year at the current market value. MBSCC will continue to revalue securities daily and analyze them for pending maturity before the depositing participant is credited.⁶

II. Discussion

Section 17A(b) (3) (F) of the Act requires that the rules of a clearing agency be designed to ensure the safeguarding of securities and funds in its custody or control or for which it is responsible.⁷ The Commission believes that MBSCC's proposed rule change is consistent with its obligations under Section 17A of the Act. By amending this valuation procedures, MBSCC's valuation should more accurately reflect the actual values of the securities deposited as collateral. Accordingly, MBSCC will have greater certainty that the securities deposited by a participant will be sufficient to satisfy the participant's obligations to MBSCC in the event that the participant becomes insolvent or defaults.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A 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 change (File No. SR-MBSCC-97-02) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁸

⁵ The proposal also provides that from time to time MBSCC may use a lower percentage of the current market value in determining the collateral value of mortgage-backed securities or Treasury securities.

⁶ Because par value for mortgage-backed securities is \$100, the proposed rule change will apply a five percent haircut only to those mortgage-backed securities that have a current market value of \$105 or less. For example, a mortgage-backed security with a current market value exceeding \$105 is and will continue to be revalued to a par value of \$100. However, a mortgage-backed security with a current market value of \$105 will now be revalued to \$99.75 or 95 percent of current market value. Similarly, a mortgage-backed security with a current market value of \$99 will be revalued to \$94.05.

⁷ 15 U.S.C. 78q-1(b) (3) (F).

⁸ 17 CFR 200.30-3(a) (12).

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of Filings and, Information Services, Washington, DC 10549.

Extension

Rules 1(a), 1(b)

Forms U5A, U5B, File No. 270-168, OMB Control No. 3235-0170

Rule 3

Form U-3A3-1, File No. 270-77, OMB Control No. 3235-0160

Rule 26, File No. 270-78, OMB Control No. 3235-0183

Rule 44, File No. 270-162, OMB Control No. 3235-0147

Rule 62

Form U-R-1, File No. 270-166, OMB Control No. 3235-0152

Rule 88

Form U-13-1, File No. 270-80, OMB Control No. 3235-0182

Rule 95

Form U-13E-1, File No. 270-74, OMB Control No. 3235-0162

Form U-7D, File No. 270-75, OMB Control No. 3235-0165

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") is soliciting comments on the collections of information summarized below. The Commission plans to submit these existing collections of information to the Office of Management and Budget for extension and approval.

Rules 1(a) and 1(b) [17 CFR 250.2(a), 250.1(b)] and Forms U5A and U5B [17 CFR 259.5a, 259.5b] implement Sections 5(a) and 5(b) of the Public Utility Holding Company Act of 1935, as amended ("Act"), which require any holding company or any person proposing to become a holding company to file with the Commission a notification of registration and registration statement, respectively. The information is necessary for the Commission to determine whether a new registrant is in compliance with the Act.

The initial burden of this requirement is approximately 80 hours per respondent. Historically, there has been

one respondent approximately every four years, therefore the weighted annual burden over a four year period is 20 hours. Companies filing under this rule are required to retain records for a period of the years, and the provision of the information is mandatory. The retention time period allows the Commission the opportunity to perform its audit functions. Responses are not kept confidential.

Rule 3 [17 CFR 250.3] permits a bank that is also a public utility holding company to claim an exemption from the requirements of the Act, through the submission of an annual statement on Form U-3A3-1 [17 CFR 259.403]. The rule and the form are used by the Commission staff to expedite its review of compliance with sections 3(a)(4) of the Act. Rule 3 and Form U-3A3-1 permit a bank that is also a public utility holding company to avoid the burdens associated with an application for an exemption from the requirements of the Act. An application for an exemption would involve a formal order, which might require an administrative hearing and would otherwise consume a significant amount of Commission resources. Each year the Commission receives five submissions from banks; each takes about two hours to complete. Thus a total annual burden of ten hours is imposed. Banks that are required to file under this rule are to retain the records for a period of ten years. This retention period is consistent with requirements imposed by federal agencies that regulate banks. Banks are allowed to request confidential treatment of information filed under this rule.

Rule 26 [17 CFR 150.26] sets forth the financial statement and recordkeeping requirements for registered holding companies and their subsidiaries. This information collection is of fundamental importance to the Commission in the review of financial statements of registered public utility holding companies. The Commission reviews financial statements in connection with its review of proposals submitted for approval under several provisions of the Act. The rule imposes no annual burden because there is no form, as such, under Rule 26 and because the information is required for Form U5S, which is subject to separate OMB review. In addition, there is no requirement for record retention under this rule.

Rule 44 [17 CFR 250.44] prohibits sales of utility securities or utility assets owned by registered public utility holding companies, except pursuant to a declaration notifying the Commission of the proposed transaction, which becomes effective in accordance with

the procedure specified in 17 CFR 150.23, and pursuant to the order of the Commission with respect to such declaration under the applicable provisions of the Act. The information is essential to Commission administration of Section 12(d) of the Act and is not otherwise available. The Commission analyzes the information to determine if the proposed sale is consistent with the public interest. The rule imposes a burden of about 72 hours each year on three respondents, each of which makes one submission. There is no requirements for record retention under this rule and the submissions are not kept confidential.

Rule 62 [17 CFR 250.62] prohibits the solicitation of authorization regarding any security of a regulated company in connection with reorganization subject to Commission approval or regarding any transaction which is the subject of an application or declaration, except pursuant to a declaration regarding the solicitation which has become effective. The information is necessary to permit the Commission to adequately enforce Sections 12(e) and 11(g) of the Act. The rule and form U-R-1 [17 CFR 259.221] impose a total annual burden of 50 hours on ten companies, who each spend five hours, and file once annually. There is a three year record retention under this rule and the submission are not kept confidential.

Rule 88 [17 CFR 250.88] requires the filing of Form U-13-1 [17 CFR 259.113] for a mutual or subsidiary service company performing services for affiliate companies of a holding company system. Eighteen respondents initially spend a total of approximately 36 hours meeting this requirement. Thereafter, there is no annual burden. Service companies filing under this rule are required to retain records for a period of ten years, and the provision of the information is mandatory. The retention time period allows the Commission the opportunity to perform its audit functions. Responses are not kept confidential.

Rule 95 [17 CFR 250.95] requires service companies to file reports on Form U-13E-1 [17 CFR 259.213] with the Commission prior to their performance of contracts for registered holding companies or their subsidiaries, for services, construction, or sales of goods. The Commission requires this information to enforce the provisions of Section 13(e) and Section 13(f) of the Act. The enforcement of these statutes would be compromised without the collection of this information, which is not available from other sources. Companies that file under this rule are required to retain records for a period of

six years, and the provision of this information is required. The retention period allows the Commission to perform its audit functions. One company meets this requirement on an annual basis with an estimated average burden of two hours. This information is not kept confidential.

Form U-7D [17 CFR 259.404] establishes the filing company's right to the exemption authorized for financing entities holding title to utility assets leased to a utility company. The information is necessary for the Commission to determine whether a company is exempt from, or governed by, the Act. The form imposes a total annual burden of 126 hours on 42 respondents, who each spend three hours annually preparing and filing one response. Companies filing under this rule are required to retain records for a period of ten years, and the provisions of the information is mandatory. The retention time period allows the Commission the opportunity to perform its audit functions, and generally coincides with companies' obligation period under their respective leases. Responses are not kept confidential.

The estimates of average burden hours are made for the purposes of the Paperwork Reduction Act and are not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms.

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, N.W. Washington, DC 20549.

Dated: June 16, 1997.

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38778; File No. SR-BSE-97-01]

Self-Regulatory Organizations; Boston Stock Exchange; Order Approving Proposed Rule Change Amending the Minor Rule Violation Plan

June 26, 1997.

I. Introduction

On May 13, 1997, the Boston Stock Exchange, Inc., ("BSE" 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 thereunder² a proposed rule change relating to amendments to the Minor Rule Violation Plan. The proposed rule change was published for comment in Securities Exchange Act Release No. 38656 (May 20, 1997), 62 FR 28913 (May 28, 1997). The Commission received no comments on the proposal.

II. Description of the Proposal

BSE is amending its Minor Rule Violation Plan to add or increase summary fine provisions for carrying weapons, fighting on the Exchange premises, and failure to comply with Floor Official rulings.

The Exchange first proposes to increase the summary fine for possession of a firearm or other weapon on the Exchange premises from \$2500 for any offense to \$5000 for any offense.

The Exchange seeks to add a summary fine provision for unauthorized physical contact with the intent to cause harm or intimidate another on the Exchange premises, with summary fines of \$500 for the first offense, \$1000 for the second offense, and \$2500 for subsequent offenses. The corresponding rule provision is Article XIV, Section 5 of the Exchange Constitution.

The Exchange also seeks to add a summary fine provision for failure to comply with an appealed Floor Official ruling that stands.³

Finally, the Exchange seeks to amend the rule provision regarding appeals to summary fines to require filing with the Office of the General Counsel, rather than with the Surveillance Department, in an effort to provide a more efficient coordination of the appeal process.

The Exchange believes that the proposal is consistent with Section

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ On June 18, 1997, the Exchange filed SR-BSE-97-03 seeking to amend the corresponding rule provision relating to Floor Officials.