

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

DTC 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, in the public interest, or for the protection of investors.

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

DTC has solicited participant comments on the proposed rule change. It has taken into account participant input in the development of this proposal.

DTC's planning department with several UIT sponsors and trustee/transfer agents in the process of developing the IVORS service. The proposal for IVORS was distributed to the executive committee of the Reorganization Division Inc. of the Securities Industry Association ("SIA"). Slides of the proposed service were also presented during annual meetings of the SIA Reorganization Division.

In response to DTC newsletter articles regarding the IVORS proposal and discussions with participant service representatives on their field trips, over a dozen participants requested copies of the IVORS proposal and offered to participate in a pilot of the new service.

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

Within thirty-five days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to ninety days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which DTC consents, the Commission will:

(A) By order approve such proposed rule change or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

**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. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 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 Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing also will be available for inspection and copying at the principal office of DTC. All submissions should refer to File No. SR-DTC-97-12 and should be submitted by March 12, 1998.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 98-4095 Filed 2-18-98 8:45 am]

BILLING CODE 8010-01-M

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-39648; File No. SR-OCC-97-12]

**Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of a Proposed Rule Change Regarding Initial and Minimum Net Capital Requirements for Futures Commission Merchants**

February 11, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on July 15, 1997, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-OCC-97-12) 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 will amend OCC's rules regarding its initial and minimum net capital requirements for clearing members that are also registered futures commission merchants ("FCMs").

<sup>5</sup> 17 CFR 200.30-3(a)(12).

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

**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 it received on the proposed rule change. The text of these 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.<sup>2</sup>

**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 OCC's rules regarding its members that are also FCMs. Under the proposed rule change, the initial and minimum net capital<sup>3</sup> of these members must exceed the greater of the following standards: OCC's current initial and minimum net capital requirements or that required by the clearing organization of the FCM member's designated self-regulatory organization ("DSRO").<sup>4</sup>

The proposed rule change also will modify OCC's early warning notice provisions to require OCC members that are also FCMs to notify OCC if the member's capital falls below OCC's net capital requirements or if the member's capital falls below OCC's net capital requirements or if the member's capital falls below the minimum net capital requirements set by the clearing organization of the member's designated DSRO.<sup>5</sup>

<sup>2</sup> The Commission has modified the text of the summaries prepared by OCC.

<sup>3</sup> OCC Rules 301 and 302 require initial and minimum net capital requirements of \$1,000,000 and \$750,000, respectively.

<sup>4</sup> According to OCC, the terms clearing organization and DSRO shall have the meanings ascribed to them in the General Regulation of the Commodity Exchange Act, 17 CFR 1.3(d) and 17 CFR 1.3(ff)(1)(2), respectively. Letter from Robert C. Rubenstein, OCC (September 3, 1997).

<sup>5</sup> This rule change assumes the prior effectiveness of OCC's proposed rule change File No. SR-OCC-97-05, which will amend OCC's by-laws and rules to provide for early warning notice of noncompliance with the financial requirements of a regulatory organization. Securities Exchange Act Release No. 38948 (August 19, 1997) 62 FR 44998 [File No. SR-OCC-97-05] (filing of a proposed rule change relating to early warning notices). In the event that the filing is not approved prior to the approval of this rule change, then Rule 303 will read as follows:

(a) A clearing member other than an exempt Non-U.S. clearing member shall notify the Corporation promptly, and in any event prior to 3:00 P.M. Central Time (4:00 P.M. Eastern Time) of the following business day if:

OCC believes that the proposed rule change will increase its financial surveillance of its clearing members in situations where the clearing member's net capital falls below that level required by its futures clearing organization. OCC believes that this additional standard will enhance its membership criteria and afford OCC with greater protection without being unduly burdensome. This proposed additional standard will incorporate financial criteria within OCC's rules that are already applicable to clearing members registered as FCMs.

The proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations promulgated thereunder because the proposed rule change is consistent with assuring the safeguarding of securities and funds which are in the custody and control of OCC and for which it is responsible.

#### *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**

Within thirty-five days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to ninety days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which OCC consents, the Commission will:

(1) Such clearing member's net capital shall become less than the greater of \$1,000,000 or (in the case of a clearing member not electing to operate pursuant to the alternative net capital requirements) *ten percent of its aggregate indebtedness, or (in the case of a clearing member electing to operate pursuant to the alternative net capital requirements) five percent of its aggregate debit items, or (in the case of a clearing member that also registered as a futures commission merchant) the minimum net capital required by the clearing organization of the clearing member's designated self regulatory organization;* or

(2)-(6) [no change.]

(b) [No changes from changes proposed in SR-OCC-97-05.]

(Deleted text is bracketed and additions are in italics.)

(A) By order approve the proposed rule change or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

### **IV. Solicitation of Comment**

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. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 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 Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of OCC. All submissions should refer to the file number SR-OCC-97-12 and should be submitted by March 12, 1998.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>6</sup>

**Margaret H. McFarland,**  
*Deputy Secretary.*

[FR Doc. 98-4203 Filed 2-18-98; 8:45 am]

BILLING CODE 8010-01-M

### **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-39640; File No. SR-PHLX-98-05]

#### **Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendments 1 and 2 Thereto by the Philadelphia Stock Exchange, Inc. Regarding Automatic Price Improvement**

February 10, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that January 27, 1998, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange")

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 the self-regulatory organization. On February 3, 1998, and February 6, 1998, respectively, the Exchange filed amendments 1 and 2 to the proposal with the Commission.<sup>2</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as amended from interested persons.

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

The Exchange, pursuant to Rule 19b-4 of the Act, proposes to amend Rule 229, the Phlx Automated Communications and Execution ("PACE") System, Supplementary Material .07(c)(i), Automatic Double-up/Double-down Price Improvement, to clarify and correct three aspects of this new provision.<sup>3</sup> First, the Exchange proposes to add into the text of Rule 229.07(c) that the Public Order Exposure ("POES") window does not apply where automatic price improvement or manual price protection are in place. Second, the Exchange proposes to expand upon the provision stating that member organizations entering orders may elect to have such orders executed in accordance with paragraph (c), or not to participate in either double-up/double-down feature. Specifically, the Exchange proposes to add that failure to elect will result in the activation of the double-up/double-down feature for that User, but specialists determine whether to provide automatic price improvement in a particular security. Third, the Exchange proposes to clarify that in situations where automatic price improvement would result in an execution at a price better than the last sale price, the order would be stopped at the PACE Quote<sup>4</sup> when received, meaning that the order is guaranteed to

<sup>2</sup> See Letter from Edith Hallahan, Associate General Counsel, Phlx to Michael Walinskas, Senior Special Counsel, SEC dated February 2, 1998 ("Amendment No. 1") and letter from Edith Hallahan, Associate General Counsel, Phlx to Michael Walinskas, Senior Special Counsel, SEC dated February 6, 1998 ("Amendment No. 2"). Amendment No. 1 makes several substantive change to the originally proposed filing. Amendment No. 2 makes a non-substantive change to correct an internal cross-reference in Rule 229.07(c)(i)(D).

<sup>3</sup> See Securities Exchange Act Release No. 39548 (January 13, 1998), 63 FR 3596 (January 23, 1998).

<sup>4</sup> The PACE Quote consists of the best bid/offer among the American, Boston, Cincinnati, Chicago, New York, Pacific and Philadelphia, Stock Exchanges as well as the Intermarket Trading System/Computer Assisted Execution System ("ITS/CAES"). See Phlx Rule 229.

<sup>6</sup> 17 CFR 200.30-3(a)(12).

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