

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

The foregoing rule change has become effective immediately under Section 19(b)(3)(A) of the Act<sup>11</sup> and subparagraph (f)(5) of Rule 19b-4 thereunder,<sup>12</sup> in that it constitutes a change in an existing order-entry or trading system that: does not significantly affect the protection of investors or the public interest; does not impose any significant burden on competition; and does not have the effect of limiting the access to or availability of the system. Specifically, the proposed rule change expands the universe of members that may qualify to use the ACT Service Desk to report trades to NASD. Additionally, the proposal provides a cost-effective mechanism for qualifying firms that use out-dated technology, to report trades to the NASD, until the NASD has created a replacement for the NWI. The proposal will benefit members and will enhance the ability of members to reconcile and report trades efficiently. Thus, Nasdaq believes that these changes are properly characterized as routine modifications warranting prompt implementation, and consistent with the Commission's stated suggestion that self-regulatory organizations could take better advantage of the expedited process available under Section 19(b)(3)(A) of the Act.<sup>13</sup>

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. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549-0609. 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 at the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal office of the NASD.

All submissions should refer to File No. SR-NASD-99-31 and should be submitted by August 24, 1999.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>14</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41662; File No. SR-NSCC-99-07]

### Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of a Proposed Rule Change Relating to Liability With Respect to Affiliated Entities

July 27, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on May 13, 1999, the National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by NSCC. The Commission is publishing this notice to solicit comments from interested persons on the proposed rule change.

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

Under the proposed rule change, NSCC will amend its rules to limit its liability with respect to affiliated entities. Specifically, NSCC will amend its rules to provide that notwithstanding any affiliation between NSCC and any other entity, including any clearing agency, except as otherwise expressly provided by written agreement NSCC shall not be liable for any obligations of such other entity, the clearing fund or other assets of NSCC shall not be available to such other entity, such

other entity shall not be liable for any obligations of NSCC, and any assets of such other entity shall not be available to NSCC.

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

In its filing with the Commission, NSCC 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. NSCC 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 Boards of Directors of NSCC and The Depository Trust Company ("DTC") have determined to proceed with a plan for the integration over time of NSCC and DTC. As an initial step in this plan, NSCC and DTC have elected uniform Boards of Directors. The next step proposed in the plan is to establish a holding company with NSCC and DTC as operating subsidiaries.

A prime consideration of the proposed integration plan is to assure that NSCC, its members, and its clearing fund will continue to be insulated from the risks and obligations arising from DTC's activities (including the custody of securities). Similarly, the plan contemplates that DTC will continue to be insulated from the risks of NSCC's business (including the CNS settlement guaranty). Under the proposed rule change, NSCC will adopt Rule 58, limitations on liability, to clarify that it will not be liable for the obligations of any other clearing agency (including DTC) and to disclaim liability for any obligations of any other clearing agency. DTC has proposed similar revisions to its Rules.<sup>3</sup>

NSCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act<sup>4</sup> and the rules and regulations thereunder because it promotes the safeguarding of securities and funds in NSCC's custody or control of for which it is responsible.

<sup>2</sup> The Commission has modified the test of the summaries prepared by NSCC.

<sup>3</sup> File No. SR-DTC-99-11.

<sup>4</sup> 15 U.S.C. 78q-1.

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(5).

<sup>13</sup> See Exchange Act Release No. 38672 (May 23, 1997), 62 FR 30485 (June 4, 1997) at footnote 200.

<sup>14</sup> 17 CFR 200.30-3(a)(12).

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

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

NSCC does not believe that the proposed rule change will have an impact on or impose a 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 relating to the proposed rule change have been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

**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 NSCC consents, the Commission will:

(A) by order approved 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. 20549-0609. 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 NSCC. All submissions should refer to File No. SR-NSCC-99-07 and should be submitted by August 24, 1999.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

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**SMALL BUSINESS ADMINISTRATION****[Declaration of Disaster #3198]****State of California**

Trinity County and the contiguous counties of Humboldt, Mendocino, Shasta, Siskiyou, and Tehama in the State of California constitute a disaster area as a result of damages caused by a wildfire that occurred on July 2, 1999. Applications for loans for physical damage as a result of this disaster may be filed until the close of business on September 23, 1999 and for economic injury until the close of business on April 24, 2000 at the address listed below or other locally announced locations:

Small Business Administration, Disaster Area 4 Office, P.O. Box 13795, Sacramento, CA 95853-4795

The interest rates are:

	Percent
For Physical Damage:	
Homeowners with credit available elsewhere .....	6.875
Homeowners without credit available elsewhere .....	3.437
Businesses with credit available elsewhere .....	8.000
Businesses and non-profit organizations without credit available elsewhere .....	4.000
Others (including non-profit organizations) with credit available elsewhere .....	7.000
For Economic Injury	
Businesses and small agricultural cooperatives without credit available elsewhere .....	4.000

The number assigned to this disaster for physical damage is 319805 and for economic injury the number is 9D2700.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008)

Dated: July 23, 1999.

**Kris Swedin,**

*Acting Administrator.*

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

**SMALL BUSINESS ADMINISTRATION****[Declaration of Disaster #3199]****State of Iowa**

As a result of the President's major disaster declaration on July 22, 1999, I find that Black Hawk, Butler, Jones, and Woodbury Counties in the State of Iowa constitute a disaster area due to damages caused by severe storms and flooding beginning on July 2, 1999 and continuing. Applications for loans for physical damage as a result of this disaster may be filed until the close of business on September 19, 1999, and for loans for economic injury until the close of business on April 24, 2000 at the address listed below or other locally announced locations:

U.S. Small Business Administration, Disaster Area 3 Office, 4400 Amon Carter Blvd., Suite 102, Fort Worth, TX 76155

In addition, applications for economic injury loans from small businesses located in the following contiguous counties may be filed until the specified date at the above location: Benton, Bremer, Buchanan, Cedar, Cerro Gordo, Cherokee, Chickasaw, Clinton, Crawford, Delaware, Dubuque, Fayette, Floyd, Franklin, Grundy, Hardin, Ida, Jackson, Linn, Monona, Plymouth, and Tama Counties in Iowa; Dakota and Thurston Counties in Nebraska; and Union County, South Dakota.

The interest rates are:

	Percent
Physical Damage:	
Homeowners with credit available elsewhere .....	6.875
Homeowners without credit available elsewhere .....	3.437
Businesses with credit available elsewhere .....	8.000
Businesses and non-profit organizations without credit available elsewhere .....	4.000
Others (including non-profit organizations) with credit available elsewhere .....	7.000
For Economic Injury:	
Businesses and small agricultural cooperatives without credit available elsewhere .....	4.000

The number assigned to this disaster for physical damage is 319906. For economic injury the numbers are 9D2800 for Iowa, 9D2900 for Nebraska, and 9D3000 for South Dakota.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008)