

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

MBSCC does not believe that the proposed rule change will impact 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 have been solicited or received. MBSCC will notify the Commission of any written comments received by MBSCC.

**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)<sup>4</sup> of the Act and pursuant to Rule 19b-4(e)(2)<sup>5</sup> promulgated thereunder in that the proposed rule change establishes or changes a due, fee, or other charge imposed by MBSCC. At any time within sixty days of the filing of such 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, 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 MBSCC. All submissions should refer to File No. SR-MBSCC-97-04 and should be submitted by June 17, 1997.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 97-13804 Filed 5-23-97; 8:45 am]

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-38659; File No. SR-OCC-96-15]

**Self-Regulatory Organizations; The Options Clearing Corporation; Order Approving a Proposed Rule Change Relating to Revisions to the Standards for Letters of Credit Deposited as Margin**

May 20, 1997.

On November 4, 1996, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-OCC-96-15) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").<sup>1</sup> Notice of the proposal was published in the **Federal Register** on February 21, 1997.<sup>2</sup> No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

**I. Description**

The proposed rule change makes permanent the Commission's previous temporary approvals<sup>3</sup> of OCC's modifications to its Rule 604, which sets forth the standards for letters of credit

deposited with OCC as a form of margin. First, to conform to the Uniform Commercial Code and to avoid any ambiguity as to the latest time for honoring demands upon letters of credit, letters of credit must state expressly that payment must be made prior to the close of business on the third banking day following demand. Second, letters of credit must be irrevocable. Third letters of credit must expire on a quarterly basis. Fourth, OCC included language in its Rule 604 to make explicit OCC's authority to draw upon letters of credit at any time, whether or not the clearing member that deposited the letter of credit has been suspended or is in default, if OCC determines that such draws are advisable to protect OCC, other clearing members, or the general public.

**II. Discussion**

Section 17A(b)(3)(F) of the Act<sup>4</sup> requires the rules of a clearing agency to be designated to assure the safeguarding of securities and funds in its custody or control or for which it is responsible. The Commission believes the proposed rule change is consistent with OCC's obligation under the Act because the modified standards for letters of credit will enable OCC to draw upon a letter of credit when the OCC determines that a draw is advisable to protect OCC, the clearing members, or the general public. This ability will allow OCC as needed to increase the liquidity of its margin deposits by enabling OCC to substitute cash collateral for a clearing member's letter of credit. The rule change also will increase the reliability of the letters of credit because an issuer will no longer be able to revoke a letter of credit when the clearing member is experiencing financial difficulty and poses the greatest credit risk.

In addition, requiring that the letters of credit expire quarterly rather than annually will result in the issuers conducting more frequent credit reviews of the clearing members for whom the letters of credit are issued. More frequent credit reviews should facilitate the discovery of any adverse developments in a more timely manner. By increasing the liquidity and reliability of the letters of credit and the frequency of reviews of its members, OCC has increased its ability to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible.

Finally, when the Commission granted temporary approval to OCC's revisions to the standards for letters of

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

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

<sup>2</sup> Securities Exchange Act Release No. 38284 (February 13, 1997), 62 FR 8070.

<sup>3</sup> Securities Exchange Act Release Nos. 29641 (August 30, 1991), 56 FR 46027 [File No. SR-OCC-91-13] (order temporarily approving proposed rule change through February 28, 1992); 30424 (February 28, 1992), 57 FR 8160 [File No. SR-OCC-92-06] (order temporarily approving proposed rule change through May 31, 1992); 30763 (June 1, 1992), 57 FR 24284 [File No. SR-OCC-92-11] (order temporarily approving proposed rule change through August 31, 1992); 31126 (September 1, 1992), 57 FR 40925 [File No. SR-OCC-92-19] (order temporarily approving proposed rule change through December 31, 1992); 31614 (December 17, 1992), 57 FR 61142 [File No. SR-OCC-92-37] (order temporarily approving proposed rule change through June 30, 1993); 32532 (June 28, 1993), 58 FR 36232 [File No. SR-OCC-93-14] (order temporarily approving proposed rule change through June 30, 1994); 34206 (June 13, 1994), 59 FR 31661 [File No. SR-OCC-94-06] (order temporarily approving proposed rule change through June 30, 1995); 36138 (August 23, 1995), 60 FR 44926 [File No. SR-OCC-95-9] (order temporarily approving proposed rule change through June 28, 1996); and 37618 (August 29, 1996), 61 FR 46889 [File No. SR-OCC-96-07] (order temporarily approving proposed rule change through June 30, 1997).

<sup>4</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>5</sup> 17 CFR 240.19b-4(e)(2).

<sup>4</sup> 15 U.S.C. 78q-1(b)(3)(F).

credit deposited as margin, the Commission stated that the temporary approval period would allow the Commission and other interested parties an opportunity to assess the effects these revised standards would have on letter of credit issuance and margin deposits at OCC.<sup>5</sup> The Commission initially granted temporary approval for the rule change on August 30, 1991. For that year, letters of credit deposited as margin constituted approximately \$1.9 billion of OCC's total margin deposit of approximately \$19.5 billion (9.7 percent of the total margin deposit).<sup>6</sup> As of December 31, 1996, the amount of letters of credit deposited as margin increased to approximately \$2.5 billion of OCC's total margin deposits of approximately \$18.3 billion (13.7 percent of the total margin deposits).<sup>7</sup> Therefore, it appears that the rule change has neither hindered the use of the letters of credit nor increased their use beyond a reasonable level.

### 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-OCC-96-15) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

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

[FR Doc. 97-13805 Filed 5-23-97; 8:45 am]

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### SMALL BUSINESS ADMINISTRATION

#### Data Collection Available for Public Comments and Recommendations

**ACTION:** Notice and request for comments.

**SUMMARY:** In accordance with the Paperwork Reduction Act of 1995, this notice announces the Small Business Administration's intentions to request approval on a new, and/or currently approved information collection.

**DATES:** Comments should be submitted on or before July 28, 1997.

<sup>5</sup> *Supra* note 3.

<sup>6</sup> Conversation between Michael G. Vitek, OCC, and Jeffrey S. Mooney, Attorney, Commission, (May 15, 1997).

<sup>7</sup> OCC 1996 Annual Report, pg 22.

<sup>8</sup> 17 CFR 200.30-3(a)(12).

#### FOR FURTHER INFORMATION CONTACT:

Curtis B. Rich, Management Analyst, Small Business Administration, 409 3rd Street, SW., Suite 5000, Washington, DC 20416. Phone Number: 202-205-6629.

#### SUPPLEMENTARY INFORMATION:

**Title:** "Application for Business Loan".

**Type of Request:** Extension of a Currently Approved Collection.

**Form No.'s:** 41, 4Schedule A, 4L, 4EX, 4Short.

**Description of Respondents:**

Applicants for an SBA Business Loan.

**Annual Responses:** 33,150.

**Annual Burden:** 656,038.

**Comments:** Send all comments regarding this information to Mike Dowd, Director, Office of Loan Programs, Financial Assistance, Small Business Administration, 409 3rd Street, SW., Suite 8300, Washington, DC 20416. Phone No.: 202-205-6570. Send comments regarding whether this information collection is necessary for the proper performance of the function of the agency, accuracy of burden estimate, in addition to ways to minimize this estimate, and ways to enhance the quality.

Dated: May 20, 1997.

**Jacqueline White,**

Chief, Administrative Information Branch.

[FR Doc. 97-13784 Filed 5-23-97; 8:45 am]

BILLING CODE 8025-01-M

### DEPARTMENT OF TRANSPORTATION

#### Office of the Secretary

#### Reports, Forms and Recordkeeping Requirements Agency Information Collection Activity Under OMB Review

**AGENCY:** Office of the Secretary, DOT.

**ACTION:** Notice.

**SUMMARY:** In compliance with the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*), this notice announces that the Information Collection Request (ICR) abstracted below has been forwarded to the Office of Management and Budget (OMB) for reinstatement. The ICR describes the nature of the information collection and its expected burden. The **Federal Register** Notice with a 60-day comment period soliciting comments on the following collection of information was published in 61 FR 68811-68812, December 30, 1996.

**DATES:** Comments must be submitted on or before June 26, 1997.

**FOR FURTHER INFORMATION CONTACT:** Edward Kosek, NHTSA Information Collection Clearance Officer at (202) 366-2589.

#### SUPPLEMENTARY INFORMATION:

#### National Highway Traffic Safety Administration (NHTSA)

**Title:** Insurer Reporting Requirement for 49 CFR Part 544—Motor Vehicle Theft Law Enforcement Act of 1984.

**OMB No.:** 2127-0547.

**Type of Request:** Reinstatement, with change, of a previously approved collection for which approval has expired.

**Affected Public:** Specific vehicle insurance companies, and rental/leasing companies (which have a fleet size of 50,000 or more and are not covered by theft insurance policies issued by motor vehicle insurers). Specific motor vehicle insurance companies and subject rental and leasing companies are listed in Appendices A, B, and C of Part 544.

**Abstract:** The Motor Vehicle Theft Law Enforcement Act of 1984 was amended by the Anti Car Theft Act (ACTA) of 1992 (Pub. L. 102-519) which mandated this information collection. One component of the comprehensive theft prevention package required the Secretary of Transportation (delegated to the NHTSA) to promulgate a theft prevention standard to provide for the identification of certain motor vehicles and their major replacement parts to impede motor vehicle theft. Section 615 of the ACTA requires insurance companies and rental/leasing companies to provide information to NHTSA on comprehensive insurance premiums which address motor vehicle theft.

**Need:** These reports are required to be submitted in a specified format as shown in Parts 544.5 and 544.6, giving requirements and contents of the report. The information will be used by NHTSA in exercising its statutory authority to help reduce comprehensive insurance premiums charged by insurers of motor vehicles due to motor vehicle thefts. The report will also show the rate of theft and recoveries of stolen vehicles that they insure by type and other categories. Without this information, the agency cannot adequately assess the effectiveness of the ACTA as directed by Congress.

**Estimated Annual Burden:** 197,390 hours.

**ADDRESSES:** Send comments to the Office of Information and Regulatory Affairs, Office of Management and Budget, 725—17th Street, NW., Washington, DC 20503, Attention DOT Desk Officer.

Comments are invited on: Whether the proposed collection of information is necessary for the proper performance of the functions of the Department, including whether the information will