

In order to address the above noted concerns and to comply with Section 106(g) of the *Amex Company Guide*, the Amex has entered into information sharing arrangements with the Buenos Aires Stock Exchange in Argentina, the Sao Paulo Stock Exchange in Brazil, and the Santiago Stock Exchange in Chile. In addition, the SEC has memoranda of understanding with: the Comision Nacional de Valores in Argentina; the Comissao de Valores Mobiliarios in Brazil; the Superintendencia de Valores y Seguros in Chile; and the Comision Nacional Bancaria y de Valores in Mexico. As of June 30, 1997, stocks from Argentina, Brazil, Chile, and Mexico represent 92.44% of the Index weight. As a result, no single uncovered country represents more than 3.90% of the Index weight and not two uncovered countries represent more than 6.06% of the Index weight.

D. Market Impact

The Commission believes that the listing and trading of Index warrants on the Amex should not adversely impact the securities markets in the U.S. or Latin America. First, the existing index warrant surveillance procedures of the Amex will apply to warrants based on the Index. Second, the Commission notes that the Index is broad-based and diversified and includes highly capitalized securities that are actively traded in their home markets.²⁷ Accordingly, the Commission does not believe that the introduction of Index warrants on the Amex will have a significant effect on the underlying Latin American securities markets.

For the reasons described above, the Commission finds good cause to approve Amendment Nos. 1, 2 and 3, prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register**. Specifically, Amendment No. 1 provides, among other things, the definition of "available capitalization," the calculation formula for the Index and the foreign stock exchange with which the Amex has surveillance sharing agreements. Amendment No. 2 provides the average daily trading volume for the six month period ending December 31, 1996 and the weights of the Index components. Lastly, Amendment No. 3 adds several maintenance standards that the Commission believes strengthen the Amex proposal by ensuring that the Index remains broad-based and is comprised of relatively well-capitalized

and liquid securities. No single stock may comprise more than 20% of the Index weight and no five stocks may comprise more than 50% of the Index weight. In addition, no more than 7% of the Index weight may report non-real-time prices in calculating the Index value. NYSE prices will be used for options eligible ADRs for securities from non-real-time reporting countries. The Commission believes that this standard will ensure that a substantial portion of the Index value will be calculated using current prices.²⁸

Accordingly, the Commission believes that it is consistent with Sections 6(b)(5) and 19(b)(2)²⁹ of the Act, to find that good cause exists to approve Amendments Nos. 1, 2 and 3, on an accelerated basis.

IV. Solicitation of Comments and Conclusion

Interested persons are invited to submit written data, views and arguments concerning Amendments Nos. 1, 2 and 3. 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 Room in Washington, D.C. Copies of such filing will also be available for inspection and copying at the principal office of the Amex. All submissions should refer to the File No. SR-Amex-96-38 and should be submitted by October 14, 1997.

For the foregoing reasons, the Commission finds that the Amex's proposal to list and trade warrants based on the Barings BEMI Latin America Index is consistent with the requirements 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 (SR-Amex-96-38), as amended, is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.³⁰

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-25025 Filed 9-19-97; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39065; File No. SR-DCC-97-03]

Self-Regulatory Organizations; Delta Clearing Corp.; Order Approving Proposed Rule Change Regarding the Clearing of the Off-Date Portion of Repurchase Agreements

September 12, 1997.

On March 11, 1997, Delta Clearing Corp. ("Delta") filed with the Securities and Exchange Commission ("Commission") and on May 7, 1997, and May 29, 1997, amended a proposed rule change (File No. SR-DCC-97-03) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").¹ Notice of the proposal was published in the **Federal Register** on June 18, 1997.² No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

I. Description

The proposed rule change amends Delta's procedures for repurchase agreements and reverse repurchase agreements ("Repo Procedures") to permit Delta to clear the off-date portion of a repurchase agreement ("repo") transaction whose on-date portion has been cleared outside of Delta. Delta's Repo Procedures now provide that Delta may assume the obligation to clear solely the off-date portion of a repo transaction ("novated repo") subject to: (1) The receipt by Delta of matching trade reports from the parties to the trade or from authorized broker,³ as applicable and (2) Delta's confirmation of the prior execution and clearance of the on-date portion of such repo transaction.

Section 2401 of the Repo Procedures sets forth time periods for participants to report on-date transactions to enable Delta to clear such transactions by settlement time. Section 2401 is amended to provide that the time periods for reporting transactions set

¹ 15 U.S.C. 78s(b)(1).

² Securities Exchange Act Release No. 38736 (June 11, 1997), 62 FR 33145.

³ Pursuant to Delta's rules, Delta will clear and settle repo transactions that have been entered into directly between two participants or entered into by two participants through the facilities of a broker that has been specifically authorized by Delta for such purpose.

²⁷ As the Amex notes, while some of the stocks in the Index have relatively low trading volume, they account for only a small percentage of the Index weighting.

²⁸ See note 14 *supra*.

²⁹ 15 U.S.C. 78s(b)(2).

³⁰ 17 CFR 200.30-3(a)(12).

forth in the first paragraph of Section 2401 do not apply to novated repos. Instead, as a condition for Delta to assume on such business day the obligation to clear the off-date portion, novated repos must be reported to Delta by 5:00 p.m. on any business day prior to the settlement day of the off-date portion. However, if the settlement day of the off-date portion is the next business day following the business day on which a novated repo is reported to Delta, such novated repo must be reported to Delta prior to 2:15 p.m. so that Delta will be able to collect margin related to the transaction in a timely manner.⁴

Section 2507 is added to the Repo Procedures to clarify that provisions relating to on-date settlement do not apply to novated repos. Similarly, Sections 2801 and 2802 are amended to clarify that no delivery of collateral or payment of net money through Delta is required on the on-date of a novated repo.

Finally, Section 2904 is added to the Repo Procedures to provide that Delta may accept novated repos for clearance. Section 2904 provides that a participant's net exposure resulting from the assumption by Delta of a novated repo on any business day will be included for purposes of calculating the margin required to be deposited by the participant by 11:00 a.m. of the following business day pursuant to Article XXVI of the Repo Procedures relating to margin. If Delta assumes by 5:00 p.m. the obligation to clear the off-date portion of a novated repo, any margin required from a participant as a result of the participant's net exposure resulting from Delta's assumption of such novated repo will have to be deposited by the participant on or before 11:00 a.m. on the next day. However, if a novated repo has an off-date which is the next business day following the business day on which the novated repo is reported to Delta, such novated repo is treated as an overnight repo for margin collection purposes.⁵

II. Discussion

Section 17A(b)(3)(F)⁶ of the Act requires that a clearing agency be organized and its rules be designed to

promote the prompt and accurate clearance and settlement of securities transactions. The Commission believes that the proposed rule change is consistent with section 17A(b)(3)(F). The proposal will allow more trades to be cleared through Delta's clearance and settlement system. Such trades will receive the benefit of Delta's guarantee and automated settlement capabilities. Because of Delta's netting of transactions, the proposal also may reduce the number of securities movements needed to settle transactions. By reducing the number of trades settled ex-clearing, the proposal should assist in the prompt and accurate clearance and settlement of repo transactions consistent with section 17A(b)(3)(F).

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-DCC-97-03) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-25027 Filed 9-19-97; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39068; File No. SR-GSCC-97-07]

Self-Regulatory Organizations; Government Securities Clearing Corporation; Notice of Filing of a Proposed Rule Change Relating to Election of Directors

September 12, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ notice is hereby given that on July 23, 1997, the Government Securities Clearing corporation ("GSCC") filed with the Securities and Exchange Commission (the "Commission") and on August 18, 1997, amended the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by GSCC. 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

GSCC is filing the proposed rule change to amend its Shareholder Agreement ("Agreement"), By-laws, and Certificate of Incorporation in order to revise GSCC's procedures for election of directors and to revise restrictions currently placed on transfers of GSCC's securities.

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

In its filing with the Commission, GSCC 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. GSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

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

GSCC recently completed a comprehensive review of its Agreement, By-laws, and Certificate of Incorporation. Pursuant to that review, GSCC proposes to amend the Agreement, By-laws, and Certificate of Incorporation as described below.³

1. Background

The Agreement was first executed in 1988 before GSCC had a set of rules in place and before there was any business history on which to base certain provisions of the Agreement. Consequently, the Agreement covers a broad range of issues, including certain business matters not found in most shareholder agreements. For example, the Agreement includes provisions relating to loss allocation procedures, which are now comprehensively covered by GSCC's rules.

Moreover, since 1988 there have been many significant changes in GSCC's services and membership and in the government securities marketplace in

² The Commission has modified the text of the summaries prepared by GSCC.

³ GSCC currently has forty-six shareholders, each of which is a party to the Agreement. The National Securities Clearing Corporation ("NSCC"), is the largest shareholder, holding approximately eighteen percent of GSCC's shares.

⁴ Section 2401 also is amended to require that overnight repo transactions be reported to Delta prior to 2:15 p.m. Overnight repos and novated repos reported one day prior to settlement will be margined in the same manner. See *infra* note 5.

⁵ Delta sends a supplemental daily margin report to members at 2:30 p.m. each day that indicates the amount of margin a member must deposit prior to 3:00 p.m. that day. The margin is based on an intraday mark-to-market calculation based on overnight repos.

⁶ 15 U.S.C. 78q-1(b)(3)(F).

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).