

obligation, Philadep can use any and all such collateral contained in the participant's collateral monitor to address the default pursuant to Philadep's existing default procedures.

Philadep also proposes to clarify and to amend its SDFS procedures relating to minimum net debit caps. Currently, the minimum net debit cap applied to participants' accounts is an amount equal to 50% of the combined Philadep and SCCP participants funds (a Philadep-only participant's minimum net debit cap is the amount equal to 50% of the Philadep participants fund). Philadep proposes to establish a minimum net debit cap formula which is the lesser of: (1) An amount equal to 50% of the combined Philadep and SCCP participants funds (a Philadep-only participant's minimum net debit cap is an amount equal to 50% of the Philadep participants fund); or (2) an amount equal to twice the participant's aggregate end-of-day settlement amounts calculated over the past three months. The minimum net debit cap will be recalculated and adjusted on a monthly basis. Furthermore, Philadep reserves the right to set an individual participant's minimum net debit cap at a level less than that computed by the above formulas if Philadep believes that for risk management purposes the minimum net debit cap should be adjusted downward.

Philadep believes the proposed rule change is consistent with Section 17A of the Act and the rules and regulations thereunder because the proposal will assure the safeguarding of securities and funds which are in the custody or control of Philadep or for which it is responsible.

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

Philadep does not believe that the proposed rule change will impose any inappropriate 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. Philadep will notify the Commission of any written comments received by Philadep.

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

Section 17A(b)(3)(F) of the Act<sup>6</sup> requires that the rules of a clearing agency be designed 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. The Commission believes that Philadep's proposed rule change clarifying certain SDFS procedures is consistent with Philadep's obligations because the proposal should provide participants with some certainty with respect to Philadep's application of SDFS risk management controls to CNS activity and failure to settle procedures. Additionally, the proposed rule change is consistent with Philadep's obligations because the proposal establishes a second minimum net debit cap formula which produces a more conservative minimum net debit cap for certain participants.

Philadep has requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing. The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing because the proposed rule change, which should clarify certain SDFS procedures that are currently being applied to participants, should become effective as soon as possible.<sup>7</sup>

#### **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 Room, 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 Philadep. All submissions

<sup>7</sup> The staff of the Board of Governors of the Federal Reserve System has concurred with the Commission's granting of accelerated approval. Telephone conversation between John Rudolph, Board of Governors of the Federal Reserve System, and Chris Concannon, Staff Attorney, Division of Market Regulation, Commission (February 13, 1997).

should refer to the file number SR-Philadep-96-15 and should be submitted by March 14, 1997.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-Philadep-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. 97-4239 Filed 2-26-97; 8:45 am]

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[Release No. 34-38282; File No. SR-SCCP-96-06]

#### **Self-Regulatory Organizations; Stock Clearing Corporation of Philadelphia; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change To Amend and Clarify Same-Day Funds Settlement Procedures**

February 13, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on August 6, 1996, the Stock Clearing Corporation of Philadelphia ("SCCP") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-SCCP-96-06) as described in Items I and II below, which items have been prepared primarily by SCCP. The Commission is publishing this notice and order to solicit comments from interested persons and to grant accelerated approval of the proposed rule change.

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

The purpose of the proposed rule change is to amend and clarify SCCP's same-day funds settlement ("SDFS") procedures.

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

In its filing with the Commission, SCCP included statements concerning the purpose of and basis for the proposed rule change and discussed any comments they received on the proposed rule changes. The text of these statements may be examined at the places specified in Item IV below. SCCP has prepared summaries, set forth in

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

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

<sup>6</sup> 15 U.S.C. 78q-1(b)(3)(F).

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*

On February 22, 1996, the Commission granted partial permanent approval and partial temporary approval of proposed rule changes filed by SCCC and the Philadelphia Depository Trust Company ("Philadep") to establish an SDFS system.<sup>3</sup> The purpose of the proposed rule change is to amend and clarify certain SDFS procedures relating to the risk management controls (*i.e.*, collateral monitor and net debit cap).

Pursuant to SCCC's SDFS Approval Order, SCCC provides each participant with a settlement amount which is an aggregate of the participant's end-of-the-day net debits and net credits in its SCCC and Philadep accounts.<sup>4</sup> Because of this common net settlement feature, Philadep's SDFS Approval Order sets forth that Philadep's SDFS system risk management controls would be applied in a limited manner to SCCC's Continuous Net Settlement ("CNS") activity. Specifically, SCCC will not suspend the processing of a participant's CNS activity when the participant's collateral monitor is negative on its net debit cap is exceeded.

Pursuant to Philadep's SDFS Approval Order, a participant's activities at SCCC, such as CNS securities delivered to a SCCC participant, are included in the participant's Philadep collateral monitor. Additionally, a participant's net debit cap is determined by a participant's combined net debit history at Philadep and SCCC, and for purpose of calculating a participant's net debit settlement, Philadep includes net CNS settlements.

The purpose of the proposed rule change is to formally restate and clarify in SCCC's procedures the limited applicability of Philadep SDFS risk management controls on SCCC participants' activity. The proposed rule change also provides that all collateral

derived from any SCCC CNS participant contained in Philadep's collateral monitor may be used by Philadep to address any settlement default by such joint participant. Collateral derived from a SCCC CNS participant generally includes the participant's SCCC participants fund contribution and CNS securities received.

Furthermore, SCCC authorizes Philadep to utilize any collateral derived from a defaulting SCCC/Philadep participant to address a default in accordance with Philadep Rule 4(a) and any subsequent amendments thereto.

SCCP believes the proposed rule change is consistent with Section 17A of the Act and the rules and regulations thereunder because the proposal should promote the prompt and accurate clearance and settlement of securities transactions.

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

SCCP believes that the proposed rule change will not impose any burden on competition not permitted by the Act.

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

Written comments were neither solicited nor received with respect to the proposed rule change.

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

Section 17A(b)(3)(F) of the Act<sup>5</sup> requires that the rules of a clearing agency be designed 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. The Commission believes that SCCC's proposed rule change clarifying certain SDFS procedures are consistent with such obligations because the proposal should provide participants with some certainty with respect to SCCC's application of SDFS risk management controls to CNS activity.

SCCP has requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing. The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing because the proposal, which should clarify certain SDFS procedures that are

currently being applied to participants, should become effective as soon as possible.

**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 Room, 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 SCCC. All submissions should refer to the file number SR-SCCP-96-06 and should be submitted by March 14, 1997.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-SCPP-96-06) be, and hereby is, approved.

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

Margaret H. McFarland,  
Deputy Secretary.

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**SMALL BUSINESS ADMINISTRATION**

**Advisory Committee on Veterans Business Affairs; Reestablishment**

The U.S. Small Business Administration, The Office of Veterans Affairs, Washington D.C., Central Office, wishes to submit a statement in the Federal Register regarding reestablishment of the Advisory Committee on Veterans Business Affairs at the Small Business Administration, 409 3rd St. SW, Washington, DC 20416.

For further information, write or call Joan McNair, Office of Veterans Affairs, at SBA, 409 3rd St. SW., Washington, DC 20416, telephone 205-6775.

<sup>2</sup> The Commission has modified the text of the summaries submitted by SCCC.

<sup>3</sup> Securities Exchange Act Release Nos. 36875 (February 22, 1996), 61 FR 7846 File No. SR-SCCP-95-06] and 36876 (February 22, 1996), 61 FR 7841 [SR-Philadep-95-08] (orders granting partial temporary approval and partial permanent approval of proposed rule changes to convert to same-day funds settlement systems) ("SDFS Approval Orders").

<sup>4</sup> Philadep's collateral monitor and net debit cap analysis were structured to incorporate this netting of SCCC and Philadep settlements.

<sup>5</sup> 15 U.S.C. 78q-1(b)(3)(F).

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