

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, located at the above address. Copies of such filing will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to File No. SR-NASD-98-61 and should be submitted by September 21, 1998.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁶

Jonathan G. Katz,

Secretary.

[FR Doc. 98-23318 Filed 8-25-98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40353; File No. SR-PCX-98-37]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Pacific Exchange, Inc. Relating to Workstation Fee Change

August 24, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 4, 1998, the Pacific Exchange, Inc. ("PCX" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. 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 Exchange is proposing to modify its Schedule of Rates for Exchange Services by changing the workstation fee applicable to PCX specialists, to provide specialists with one extra PC at no additional charge.

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

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

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

(1) Purpose

Currently, under the Exchange's Schedule of Rates, specialists are charged a Specialist Systems Fee of \$1,550 per month. The systems fee covers costs associated with trading service functions and the cost of two PCs for the basic P/COAST workstation configuration. The Exchange is proposing to keep the systems fee at \$1,550 while providing three PCs as part of the basic workstation configuration for each specialist.

The current P/COAST workstations use two PCs to provide basic post trading functions. These functions include, but are not limited to, order entry, routing, execution, processing of preopening and end of day activity, support for multiple trading floors, backup recovery and book functionality. Under the rule change, a third PC would be provided to each specialist at no additional charge. This would enable each post to conduct all of the above functions and also process ITS commitments without the use of a dedicated ITS terminal.

(2) Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Act,³ general, and furthers the objectives of Section 6(b)(4),⁴ in particular, because it provides for the equitable allocation of reasonable dues, fees and other charges among its members and issuers and other persons using its facilities.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange 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.

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

Written comments on the proposed rule change were neither solicited nor received.

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

Because the foregoing proposed rule change establishes or changes a due, fee or other charge imposed by the Exchange, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁵ and subparagraph (e)(2) of Rule 19b-4 thereunder.⁶ At any time within 60 days of the filing of such 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.⁷ Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, DC 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, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the PCX. All submissions should refer to File No. SR-PCX-98-37

⁵ 15 U.S.C. § 78s(b)(3)(A).

⁶ 17 CFR 240.19b-4(e)(2).

⁷ In reviewing these rules, the Commission has considered the proposed rule change's impact on efficiency, competition and capital formation. 15 U.S.C. § 78c(f).

⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. § 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. § 78f(b).

⁴ 15 U.S.C. § 78f(b)(4).

and should be submitted by September 21, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁸

Jonathan G. Katz,

Secretary.

[FR Doc. 98-23314 Filed 8-28-98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40359; File No. SR-PTC-98-03]

Self-Regulatory Organizations; Participants Trust Company; Order Granting Accelerated Approval of a Proposed Rule Change Regarding PTC's Pricing and Margining Methodology for Newly Issued Collateralized Mortgage Obligation Securities

August 25, 1998.

On June 15, 1998, the Participants Trust Company ("PTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-PTC-98-03) 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 August 11, 1998.² For the reasons discussed below, the Commission is granting accelerated approval of the approved rule change.

I. Description

The rule change modifies PTC's pricing and margining methodology for new issue collateralized mortgage obligation ("CMO") securities to more accurately reflect their value during an initial period when pricing vendors are generally unable to provide prices.³ Under the rule change, PTC will obtain indicative bid side prices (prior to the issuance of the CMO security) for each class of the issue from the deal underwriter prior to the closing. PTC will establish margins on new issue CMO securities (priced by reference to underwriter supplied prices) based on larger interest rate shifts, +100 or -200 basis points, than are applied to vendor priced CMO issues, +50 or -100 basis points. Interest only, principal only, and

inverse floater classes will be given no value.

The underwriter supplied values will be used for a maximum of three weeks after the issuance. Any CMO issue not priced by both pricing vendors PTC uses at three weeks from issuance will be given a value of zero, as is currently the case, and will continue to be the case with respect to all but new CMO issues for this three week period.⁴

II. Discussion

Section 17A(b)(3)(F) of the Act⁵ 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. As discussed below, the Commission believes that PTC's proposed rule change is consistent with this obligation.

The Commission believes that the rule change will enable PTC to price and margin new issue CMO securities in a manner which will more accurately reflect their value when pricing vendors are unable to provide prices. The Commission believes that the rule change should allow PTC to more accurately value a participant's securities for purposes of collateral value in PTC's system while still assuring that PTC has available to it sufficient collateral in the event a participant does not satisfy its debit balance at the end of day settlement. Therefore, the Commission believes that the rule change is consistent with PTC's obligation to safeguard securities and funds.

The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after publication of notice because such approval will allow PTC to implement the modified margining and pricing methodology for new CMOs in a timely manner in connection with PTC's merger with The Depository Trust Company scheduled to occur during the month of August 1998.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular with 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-PTC-98-03) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁶

Jonathan G. Katz,

Secretary.

[FR Doc. 98-23317 Filed 8-28-98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40355; File No. SR-Phlx-98-30]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. To Reduce the Value of the National Over-the-Counter Index ("XOC")

August 24, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on July 16, 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 Exchange. 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 Phlx proposes to reduce the value of its National Over-the-Counter Index ("Index") option ("XOC") to one-fourth its present value by quadrupling the divisor used in calculating the Index. In addition, the position and exercise limits applicable to the XOC will be quadrupled until the last expiration date then trading. The Index is a capitalization-weighted market index composed of the 100 largest capitalized stocks traded over-the-counter. The other contract specifications for the XOC remain unchanged.

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

In its filing with the Commission, the Exchange 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

⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² Securities Exchange Act Release No. 40304 (August 4, 1998), 63 FR 42897.

³ For a detailed description of PTC's pricing and valuation of CMOs, refer to Securities Exchange Act Release No. 40304, *Id.*

⁴ PTC currently gives new issue CMOs a zero value during this period in its assessment of a participant's collateral.

⁵ 15 U.S.C. 78q-1(b)(3)(F).

⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).