

Clearing Corporation ("NSCC"). The ACATS system is currently being redesigned to allow for quicker and more efficient transfers of customer accounts. The purpose of the proposed rule change is to amend Rule 412 to reflect these upgrades.

Currently, the ACATS system and Exchange Rule 412 provide for a seven day cycle to transfer a customer account. The proposed amendments would reduce this cycle to six days by streamlining the asset review portion of the transfer period from two days to one day. It is anticipated that ACATS system changes will become operational on January 25, 1999. Therefore, the Exchange represents that the proposed rule change will become effective in accordance with the effective date of the ACATS system changes.

In addition, the Exchange proposes to amend an interpretation to Exchange Rule 412 to eliminate one of the enumerated reasons for which a member organization may reject or take exception to an account transfer request. The Proposed amendment deletes the "Account Type Mismatch" reject code, due to its limited usefulness arising from inconsistencies among member organizations in defining account types.

### III. Discussion

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange and, in particular, with the requirements of Section 6(b).<sup>4</sup> Specifically, the Commission believes the proposal is consistent with the Section 6(b)(5)<sup>5</sup> requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to remove impediments to and to perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.<sup>6</sup> The proposed amendment does this by reducing the time allowed for transferring customer accounts.

### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR-NYSE-98-30) is approved.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 98-32330 Filed 12-3-98; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40710; File No. SR-PCX-97-49]

### Self-Regulatory Organizations; Notice of Filing of Amendment No. 1 to Proposed Rule Change by the Pacific Exchange, Inc. Relating to Capital and Margin Requirements for Joint Back Office Arrangements

November 25, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on October 8, 1998, the Pacific Exchange, Inc. ("Exchange" or "PCX") filed with the Securities and Exchange Commission ("Commission") Amendment No. 1 to 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 Amendment No. 1 to 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 seeks to amend its proposed rule change regarding Joint Back Office ("JBO") arrangements to: (i) reduce the net capital requirements for certain member organizations carrying and clearing, or carrying JBO accounts from \$10 million to \$7 million; (ii) add notification requirements for JBO clearing firms in the event their tentative net capital or net capital fall below prescribed levels; and (iii) require member organizations carrying JBO accounts to margin such accounts in accordance with customer margin requirements if the JBO participants fail to maintain minimum liquidating equity of \$1 million in their JBO accounts for more than five business days.

The text of the proposed rule change, as amended, is available at the Office of the Secretary, the Exchange, and at the Commission.

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

<sup>2</sup> 17 CFR 240.19b-4.

#### 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

a. *Background.* On December 18, 1997, the Exchange filed with the Commission a proposal establishing margin and net capital requirements for member organizations that carry and clear, or carry JBO accounts. Notice of the Exchange's proposal was issued on February 18, 1998.<sup>3</sup> Under the proposal, a member organization that carries and clears, or carries JBO accounts would be required to maintain minimum tentative net capital of \$25 million, except that a member organization whose primary business consisted of the clearance of options market-maker accounts could carry JBO accounts provided that it maintained minimum net capital of \$10 million.

The Exchange notes that its JBO rule filing is similar to the JBO rule filings submitted to the Commission by the New York Stock Exchange ("NYSE") and the Chicago Board Options Exchange ("CBOE").<sup>4</sup> The NYSE and CBOE recently submitted amendments to their JBO rule filings which propose to reduce the capital requirements for JBO clearing firms from \$10 million to \$7 million; add notification requirements for JBO clearing firms in the event their tentative net capital or net capital falls below prescribed levels; and require the application of customer margin requirements to JBO participants if such participants do not maintain

<sup>3</sup> See Securities Exchange Act Release No. 39680 (Feb. 18, 1998), 63 FR 9622 (Feb. 25, 1998).

<sup>4</sup> The NYSE's JBO filing, SR-NYSE-97-28, was filed with the Commission on October 2, 1997, and notice of its filing was issued on December 29, 1997. See Securities Exchange Act Release No. 39497 (Dec. 29, 1997), 63 FR 899 (Jan. 7, 1998). The CBOE's JBO filing, SR-CBOE-97-58, was filed with the Commission on October 27, 1997, and notice of its filing was issued on December 10, 1997. See Securities Exchange Act Release No. 39418 (Dec. 10, 1997), 62 FR 66154 (Dec. 17, 1997).

<sup>4</sup> 15 U.S.C. 78f(b).

<sup>5</sup> 15 U.S.C. 78f(b)(5).

<sup>6</sup> In approving this rule, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

sufficient equity in their JBO accounts.<sup>5</sup> Amendment No. 1 to the Exchange's proposal is consistent with these revisions proposed by the NYSE and CBOE.

b. *Amendment No. 1.* The Exchange seeks to amend its JBO rule filing to allow a member organization to carry and clear, or carry JBO accounts provided that the member organization's net capital, as computed pursuant to Exchange Act Rule 15c3-1,<sup>6</sup> does not fall below \$7 million for a period in excess of three consecutive business days. This revision modifies the Exchange's original proposal which required a carrying and clearing, or carrying member organization to maintain minimum net capital of \$10 million.

The Exchange further proposes to require JBO clearing members to provide immediate telegraphic or facsimile notice to the Exchange if the clearing member determines that its tentative net capital or net capital has fallen below the prescribed levels. In addition, such clearing member will be subject to the prohibitions against withdrawal of equity capital set forth in Exchange Act Rule 15c3-1(e), and must observe the prohibitions against reduction, prepayment, and repayment of subordination agreements set forth in Exchange Act Rule 15c3-1d(b), as if such member's net capital were below the minimum standards specified by each of those sections.

Finally, the Exchange proposes to require carrying member organizations to margin JBO accounts in accordance with the customer margin requirements of Regulation T<sup>7</sup> when such JBO accounts lack sufficient minimum liquidating equity (*i.e.*, \$1 million) for a period of more than five business days.

## 2. Statutory Basis

The Exchange believes the proposed rule change, as amended, is consistent with Section 6(b) of the Act,<sup>8</sup> in general, and further, the objectives of Section

6(b)(5),<sup>9</sup> in particular, in that it is designed to perfect the mechanisms of a free and open market, and to protect investors and the public interest.

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

The Exchange believes the proposed rule change will not 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*

The Exchange did not solicit or receive written comments with respect to the proposed rule change.

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

Within 35 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 90 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 the Exchange consents, the Commission will:

(A) By order approve the 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 Amendment No. 1, including whether the proposed rule change, as modified by Amendment No. 1, 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. Copies of the submissions, 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 persons, 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 will also be available for inspection and copying at the principal

office of the Exchange. All submissions should refer to File No. SR-PCX-97-49 and should be submitted by December 28, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 98-32327 Filed 12-3-98; 8:45 am]

BILLING CODE 8010-01-M

## DEPARTMENT OF STATE

[Public Notice No. 2943]

### Advisory Committee on Historical Diplomatic Documentation; Notice of Meeting

The Advisory Committee on Historical Diplomatic Documentation will meet in the Department of State, 2201 "C" Street NW, Washington, D.C., December 10-11, 1998, in Conference Room 1406. Prior notification and a valid photo are mandatory for entrance into the building. One day before the meeting the public must notify Gloria Walker, Office of Historian (202-663-1124) providing their date of birth, social security number and telephone number.

The Committee regrets the short notice due to difficulty in securing a conference room but will meet in open session from 9:00 a.m. through 12:00 p.m. on the morning of Thursday, December 10, 1998. The remainder of the Committee's sessions from 1:45 p.m. on Thursday, December 10, 1998 until 5:00 p.m. on Friday, December 11, 1998 will be closed in accordance with Section 10(d) of the Federal Advisory Committee Act (Pub. L. 92-463). The agenda calls for discussions involving consideration of matters not subject to public disclosure under 5 U.S.C. 552b(c)(1), and that the public interest requires that such activities be withheld from disclosure.

Questions concerning the meeting should be directed to William Z. Slany, Executive Secretary, Advisory Committee on Historical Diplomatic Documentation, Department of State, Office of the Historian, Washington, DC, 20520, telephone (202) 663-1123, (e-mail [pahistoff@panet.us-state.gov](mailto:pahistoff@panet.us-state.gov)).

Dated: November 30, 1998.

**William Z. Slany,**

*Executive Secretary.*

[FR Doc. 98-32390 Filed 12-2-98; 11:34 pm]

BILLING CODE 4710-11-P

<sup>5</sup> The NYSE filed Amendment No. 1 to its JBO filing on May 21, 1998, and Amendment No. 2 on September 28, 1998. Notice of Amendment Nos. 1 and 2 was issued on November 25, 1998. See Securities Exchange Act Release No. 40709 (Nov. 25, 1998). The CBOE filed Amendment No. 1 to its JBO filing on July 27, 1998. Notice of Amendment No. 1 was issued on November 25, 1998. See Securities Exchange Act Release No. 40708 (Nov. 25, 1998).

<sup>6</sup> The Commission's net capital rule, "Net Capital Requirements for Brokers or Dealers," is designated as Commission Rule 15c3-1. See 17 CFR 240.15c3-1.

<sup>7</sup> Regulation T is entitled "Credit by Brokers and Dealers" and was issued by the Board of Governors of the Federal Reserve System pursuant to the Act. See 12 CFR 220.

<sup>8</sup> 15 U.S.C. 78f(B).

<sup>9</sup> 15 U.S.C. 78f(B)(5).

<sup>10</sup> 17 CFR 200.30-3(a)(12).