

change is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. 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, NW, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of OCC. All submissions should refer to File No. SR-OCC-99-7 and should be submitted by July 8, 1999.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>9</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41507; File No. SR-OCC-99-04]

### Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of a Proposed Rule Change Relating to Amendments to the Pledge Program

June 10, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on March 8, 1999, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by OCC. The Commission is publishing this notice to solicit comments from interested persons on the proposed rule change.

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

Under the proposed rule change, OCC will permit clearing members to pledge

long positions in non-proprietary cross margin accounts through its pledge program. In addition, OCC will update its rules to reflect the way that the pledge program currently operates.

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

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

##### (A) Self-Regulatory Organizations' Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

OCC's market maker pledge program was designed to facilitate the ability of clearing members to finance their positions by permitting them to pledge excess long market maker options as collateral to obtain loans from banks or other clearing members.<sup>3</sup> Current eligible account types include, among others, a combined market-makers' account and a separate market-maker's account.

Market-makers, specialists, and registered traders are categories of market professionals that are eligible to have their positions included in a clearing members' non-proprietary cross margin account, and many such market professionals participate in cross margining. OCC believes that it is an appropriate extension of the purposes of the pledge program to permit long options carried in a non-proprietary cross margin account to be pledged to facilitate clearing member financing needs. As a result, under the rule change OCC will amend Rule 614 to add non-proprietary cross margin accounts to the list of accounts that are eligible for the pledge program.

In addition, OCC will update certain of the terms of Rule 614. Some of the practices described in the rule are no longer used, and OCC will eliminate references to those obsolete practices and revise the rule to reflect the current pledge program operation. For example,

<sup>2</sup> The Commission has modified the text of the summaries prepared by OCC.

<sup>3</sup> For a detailed description of the pledge program, refer to Securities Exchange Act Release No. 19956 (July 19, 1983), 48 FR 33956 [File No. SR-OCC-82-25] (order approving proposed rule change).

OCC's system does not "transfer" pledged cleared securities into a separate "pledge account" as suggested by the rules. Rather, OCC identifies within the "primary" account those long positions in a cleared security that a clearing member has instructed OCC that it desires to pledge. In addition, certain instructions or reports are not submitted or distributed by hard copy form but are electronically inputted or disseminated through OCC's C/MACS system. (Hard copy forms are used as acceptable backups should C/MACS be unavailable.) As such, OCC will eliminate reference to "transfers," "Transfer Day," "Primary Accounts," and certain "forms." Instead, OCC will substitute where appropriate more generic terms like "identifying" cleared securities to be pledged, "Activity Day," "Eligible Account," "pledged and unpledged cleared securities," and "instructions" as being more descriptive of current pledge program processing. In addition, clearing member designations among pledgees can be carried out electronically or through use of the pledgee designation form. The rule will also be amended to reflect this practice.

Further, OCC will eliminate references to lock box distribution of reports. Clearing members receive OCC reports electronically through C/MACS. Other pledges also receive reports by electronic format from OCC or have other arrangements with OCC for purposes of receiving reports. Accordingly, there is no longer any need to refer to lock box report distribution. Instead, report distribution will be accomplished in accordance with the procedures agreed between OCC and each pledgee.

Finally, OCC will change the time at which the release of a pledged cleared security is effective. Currently, the rule provides that the release is deemed to be effective as of 9:00 a.m. (central time) on the transfer day and all rights of a pledgee as to such released cleared security are terminated at that time. However, this effective time comes after OCC nightly processing is completed. During nightly processing, the long positions in cleared securities are released from pledge, included in marginable positions, and used to offset short positions as described in Rules 601 and 602. Pledgee banks have the understanding that when they execute the instructions to release pledged positions they release their rights in the long positions and take appropriate measures to ensure that the loan is repaid or otherwise secured. Accordingly, OCC is proposing to alter the time at which a pledge is deemed to be released. That time will be the

<sup>9</sup> 17 CFR 200.30-3(a)(12).

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

cutoff time for submitting the instructions to release pledge positions on the receipt day. OCC believes that this change is consistent with the expectations of clearing members, pledgees, and of OCC as to when each party has rights in the pledged long positions.

In addition to the amendments described above, conforming changes will be made to Rules 601, 602, 1105, and 1106 and to the pledge account agreement.<sup>4</sup>

OCC believes that the proposed rule change is consistent with Section 17A of the Act<sup>5</sup> and the rules and regulations thereunder because it provides for expanded clearing member financing opportunities and updates OCC's pledge program rule to reflect current practices.

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

OCC does not believe that the proposed rule change would impose any burden on competition.

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

Written comments were not and not intended to be solicited with respect to the proposed rule change, and none have been received.

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

Within thirty-five 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 ninety 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 OCC consents, the Commission will:

(A) By order approve such 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 the foregoing, including whether the proposed rule change is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange

Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. 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, NW, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of OCC. All submissions should refer to File No. SR-OCC-99-04 and should be submitted by July 8, 1999.

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

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

[FR Doc. 99-15358 Filed 6-16-99; 8:45 am]

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**SMALL BUSINESS ADMINISTRATION**

[License Nos. 06/76-0317 and 04/74-0263]

**TD Origen Capital Fund, L.P. and TD Javelin Capital Fund, L.P.; Notice Seeking Exemption Under Section 312 of the Small Business Investment Act, Conflicts of Interest**

Notice is hereby given that TD Origen Capital Fund, L.P. ("TD Origen"), 150 Washington Avenue, Suite 201, Santa Fe, New Mexico, 87501, a Federal Licensee under the Small Business Investment Act of 1958, as amended ("the Act"), and TD Javelin Capital Fund, L.P. ("TD Javelin"), 2850 Cahaba Road, Suite 240, Birmingham, Alabama, 35223, a Federal Licensee under the Act, in connection with the proposed financing of a small concern, are seeking an exemption under section 312 of the Act and section 107.730, Financings which Constitute Conflicts of Interest of the Small Business Administration ("SBA") Rules and Regulations (13 CFR 107.730 (1998)). An exemption may not be granted by SBA until Notices of this transaction have been published. TD Origen and TD Javelin propose to provide equity financing to AmericasDoctor.com, Inc. ("AD.com"), 11403 Cronridge Drive, Suite 200, Owings Mills, Maryland, 21117. The

financing is contemplated for product development and working capital.

The financing is brought within the purview of section 107.730(a)(1) of the Regulations because Tullis-Dickerson Capital Focus II, L.P., an Associate of TD Origen and TD Javelin, together with TD Origen and TD Javelin, currently own greater than 10 percent of AD.com and therefore AD.com is considered an Associate of each of TD Origen and TD Javelin as defined in section 107.50 of the Regulations.

Notice is hereby given that any interested person may, not later than fifteen (15) days from the date of publication of this Notice, submit written comments on the proposed transaction to the Associate Administrator for Investment, U.S. Small Business Administration, 409 Third Street, SW, Washington, DC 20416.

A copy of this Notice shall be published, in accordance with section 107.730 (g), in the Owings Mills Times by Tullis-Dickerson Capital Focus II, L.P.

(Catalog of Federal Domestic Assistance Programs No. 59.011, Small Business Investment Companies)

Dated: June 8, 1999.

**Don A. Christensen,**

*Associate Administrator for Investment.*

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**DEPARTMENT OF STATE**

[Public Notice No. 3045]

**Secretary of State's Arms Control and Nonproliferation Advisory Board**

The Charter of the Secretary of State's Arms Control and Nonproliferation Advisory Board is amended and renewed for a period of two years. This Board succeeds and replaces the Arms Control and Disarmament Agency's Director's Advisory Committee, in accordance with the Arms Control and Disarmament Act, as amended (PL 105-277).

The Board advises the Secretary of State on scientific and policy matters relating to arms control and nonproliferation. Operational authority for all activities of the Board, including evaluation and transmission of reports and appointment of members and staff, is delegated to the Under Secretary for Arms Control and International Security and Senior Adviser to the President and the Secretary of State for Arms Control, Nonproliferation, and Disarmament.

The previous Director's Advisory Committee did extensive investigation

<sup>4</sup> OCC attached a copy of the amended pledge account agreement as Exhibit A to its filing, which is available for inspection and copying in the Commission's public reference room and through OCC.

<sup>5</sup> 15 U.S.C. 78q-1.

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