

settlement statement which will detail the net amount due to ISCC from CVSA or from ISCC to CVSA. Under the service agreement, CVSA agrees to pay to ISCC all fees and charges in connection with ISCC's provision of services and any assessment that ISCC must pay to DTC.⁸ The preliminary settlement statement also will indicate dividend and possibly interest payments received by ISCC from DTC with respect to shares on deposit.

ISCC will transmit a final settlement statement by 10:00 a.m. of the business day following the day the related preliminary settlement statement was sent. The final settlement statement will indicate sums paid by CVSA. Dividend and interest credited to the ISCC/CVSA account at DTC will be reflected in the final settlement statement. The final settlement also will reflect a debit for the total dividend and interest ISCC pays to CVSA's withholding bank.

CVSA has agreed to consult with ISCC's auditors with regard to CVSA's financial condition, and CVSA will furnish its financial statements to ISCC. Further, CVSA has agreed to appoint a registered agent in the U.S. for service of process and will provide ISCC of proof of such appointment. CVSA will be subject to jurisdiction in New York for the resolution of disputes arising from the link. CVSA will be assigned one ISCC account number for use on behalf of CVSA members.

II. Discussion

The Commission believes that the proposed rule change is consistent with Section 17A of the Act and therefore is approving the proposal. Specifically, the Commission believes the proposal is consistent with Section 17A(b)(3)(F) of the Act in that it promotes the prompt and accurate clearance and settlement of securities transactions. Without the linkage, Argentine purchasers of U.S. securities would be required to make individual arrangements for the custody of their stock.

ISCC's provision of this service to CVSA enables CVSA to settle transactions in U.S. securities more efficiently. Further, the link between ISCC and CVSA should standardize the processing of U.S. securities traded in foreign countries in accordance with U.S. practices and procedures. The uniform standards should reduce record keeping errors and thereby enhance the accuracy of the settlement of securities

⁸ Because the account is limited to free movements of securities, monetary obligations to DTC should be limited to the payments of fees for DTC services. Under the sponsored account relationship, DTC will look to ISCC for any liability related to activity in that account.

transactions. In addition, this standardization should promote foreign investment in U.S. securities.

In the initial order granting ISCC temporary registration as a clearing agency, the Commission stated that the development of efficient and comparable automated national and international clearance, settlement, and payment systems is one of the more important international goals.⁹ In that order, the Commission stressed the importance of developing linkages between existing clearance and settlement systems in light of the increase in foreign activity in U.S. stocks. This linkage agreement will increase the accessibility of the U.S. securities market to foreign investors by giving Argentine investors a more efficient method of settling U.S. securities.

III. Conclusion

For the reasons stated above, the Commission finds that ISCC's proposal is consistent with Section 17A of the Act.¹⁰

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹¹ that the proposed rule change (File No. SR-ISC-94-03) be, and hereby is, approved.¹²

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹³

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-1195 Filed 1-17-95; 8:45 am]

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[Release No. 34-35212; International Series Release No. 767; File No. SR-ISC-94-06]

Self-Regulatory Organizations; International Securities Clearing Corporation; Notice of Filing of Proposed Rule Change Relating to the Global Clearance Networking Service

January 10, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on December 17, 1994, the International Securities Clearing Corporation ("ISCC") 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 ISCC.

⁹ Securities Exchange Act Release No. 26812 (May 12, 1989), 54 FR 21691.

¹⁰ 15 U.S.C. 78q-1 (1988).

¹¹ 15 U.S.C. 78s(b)(2) (1988).

¹² 17 CFR 200.30-3(a)(12) (1994).

¹³ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1) (1988).

The Commission is publishing this notice to solicit comments from interested persons.

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

The purpose of ISCC's proposed rule change is to add additional service providers to ISCC's Global Clearance Networking ("GCN") service and to permit other international data formats to be used.

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

In its filing with the Commission, ISCC 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. ISCC 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

ISCC's Rule 50 provides that ISCC may establish a foreign clearing, settlement, and custody service in conjunction with banks and trust companies. Presently, ISCC has established a GCN relationship with Citibank, N.A. The purpose of the proposed rule change is to add two additional GCN service providers: Standard Bank of South Africa ("Standard")² and Westpac Custodian Nominees Limited of Australia ("Westpac").³ Standard will offer to ISCC members clearance, settlement, and custody services in South Africa. Westpac will offer to ISCC members

² Standard was established in 1862. Standard's Securities Services Division provides comprehensive services to over three hundred foreign banks, stockbrokers, and custodian accounts. Standard also is positioned through their subsidiary, Stanbic Bank, to provide clearance and settlement services in other southern and central African countries. Standard meets the requirements under Rule 17f-5 under the Investment Company Act of 1940 to be an eligible foreign custodian. Standard currently manages in excess of 30 billion in U.S. dollars.

³ Westpac was established in 1944. Westpac currently provides custodial and securities settlement services to over 500 local and international clients. Westpac is qualified as an eligible foreign custodian under Rule 17f-5 under the Investment Company Act of 1940. Westpac manages over 50.2 billion in Australian dollars in assets under custody.

clearance, settlement, and custody services in Australia.

ISCC, along with a steering committee of the GCN participants, decided to expand the number of GCN service providers in order to expand and improve processing capabilities. Requests for proposals were sent to banks selected by the steering committee. After a review of the proposals received, the steering committee selected Standard and Westpac to become GCN service providers. ISCC intends to continue to add additional service providers as often as necessary in order that participant requirements are adequately addressed.

Each of the additional service providers has entered into an agreement with ISCC pursuant to which they agree to provide access to clearing, settlement, and custody services to GCN participants that qualify to be customers of such bank. Each service provider has agreed to provide the services at reduced prices. ISCC has not provided any volume guarantees to either of these banks, and each of the banks will be responsible to collect fees directly from the participants. The agreements may be terminated by mutual agreement of the parties on ninety days prior notice.

The proposed rule change also will modify the procedures for using the GCN service contained in Addendum E to ISCC's rules. Initially, participants could submit data to ISCC via their office computer's central processing unit ("CPU") or any personal computer ("PC") connection using an ISCC universal trade record ("UTR") format. In addition to submission via CPU or PC, the proposal will allow ISCC to accept data submitted via S.W.I.F.T.⁴ In addition to the UTR format, the proposal will allow ISCC to accept data in ISO 7775 format.⁵ Data submitted via PC or CPU will be routed through ISCC's Datatrak system to validate the sender's identity against ISCC's masterfile prior to the validation and edit process. Data submitted via S.W.I.F.T. will go directly to the validation and edit process.⁶ Currently,

⁴ The Society for Worldwide Interbank Financial Telecommunication ("S.W.I.F.T.") operates a secure data communication and processing system which enables thousands of financial institutions in more than 100 countries to communicate with each other 24 hours a day and facilitates the sending in excess of 500 million messages annually.

⁵ The International Organization for Standardization ("ISO") was founded in 1949 to promote standards worldwide. ISO 7775, the standard for international securities messages, was developed in close cooperation with S.W.I.F.T. It was first published in 1984. S.W.I.F.T. has assumed responsibility for maintenance of the standard.

⁶ S.W.I.F.T. automatically verifies the identity of the sending party.

participants receive a confirmation that ISCC has received the data. The proposal will eliminate the sending of the confirmation. If the data is not received in ISO 7775 format, ISCC will convert the data into this format for transmission to the service provider. Information that does not pass the validation or edit process will be rejected, and the participant will be required to resubmit the data.

Data will be routed to the service provider using the method required by the service provider. In general, ISCC will receive confirmation that the data has been received by the service provider. If the data is sent using S.W.I.F.T., ISCC only will receive confirmation that the data was transmitted.⁷ If the service provider is unable to process the data, the service provider will contact the participant directly. Each day, the service provider will provide reports on behalf of the participants' accounts to ISCC which ISCC will retransmit to the participants.

The proposed rule change will facilitate and centralize the processing of international transactions at a beneficial cost to members which ultimately will be reflected in services to the investing public. Accordingly, these changes are consistent with the requirements of the Act, specifically Section 17A of the Act, and the rules and regulations thereunder.

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

ISCC does not believe a burden will be placed on competition as a result of the proposed rule change.

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

ISCC has not solicited or received any comments.

III. Date of Effectiveness of the Proposed Rule Changes 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 ISCC 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.

⁷ Additionally, S.W.I.F.T., instead of ISCC, will verify the number of records transmitted.

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, NW., Washington, DC 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 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, and at the principal offices of ISCC. All submissions should refer to File No. SR-ISCC-94-06 and should be submitted by February 8, 1995.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-1194 Filed 1-17-95; 8:45 am]

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[Release No. 34-35208; File No. SR-NASD-94-66]

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change Relating to Amendments to the Examination Specifications and Study Outline for the General Securities Sales Supervisor (Series 8) Examination

January 10, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ notice is hereby given that on December 1, 1994 the National Association of Securities Dealers, Inc. ("NASD" or "Association") 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 NASD. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

⁸ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1) (1988).