

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

DTC does not believe that the proposed rule change will have an impact or impose a burden on competition.

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

DTC has not solicited or received comments on the proposed rule change.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)<sup>6</sup> of the Act and pursuant to Rule 19b-4(e)(4)<sup>7</sup> promulgated thereunder because the proposal constitutes a change in an existing service of a registered clearing agency that does not adversely affect the safeguarding of securities or funds in the custody or control of the clearing agency or for which it is responsible and does not significantly affect the respective rights or obligations of the clearing agency or persons using the service. At any time within sixty days of the filing of such 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. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street NW., 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 Section, 450 Fifth Street NW., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal

office of DTC. All submissions should refer to file No. SR-DTC-94-17 and should be submitted by February 17, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

**Jonathan G. Katz,**

Secretary.

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[Release No. 34-35256; File No. SR-MCC-94-16]

### **Self-Regulatory Organizations; Midwest Clearing Corporation; Notice of Filing of Proposed Rule Change Relating to Implementation of a Three-Day Settlement Standard**

January 20, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on December 28, 1994, the Midwest Clearing Corporation ("MCC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by MCC. 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**

MCC proposed to modify its rules to implement a three business day settlement standard for securities transactions.

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

In its filing with the Commission, MCC 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. MCC 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*

On October 6, 1993, the Commission adopted Rule 15c6-1 under the Act

which establishes three business days after the trade date ("T+3") instead of five business days ("T+5") as the standard settlement cycle for most securities transactions.<sup>2</sup> The rule will become effective June 7, 1995.<sup>3</sup>

The proposed rule change will amend Interpretations and Policies .01 of Rule 2 of Article II of MCC's rules to shorten the time frame in which contract data of comparison data must be submitted to MCC to ensure that MCC has sufficient time to review such contracts and receive the necessary protection to guarantee the performance of such contract to the contra-broker in a T+3 environment. Under such interpretations, MCC reserves the right to cause such contract to be settled under the trade-by-trade system or to reverse the trade in the continuous net settlement system (1) if a regular way contract is not recorded by MCC in a participant's account until T+4, (2) if a regular way contract is not submitted by another clearing corporation for recordation in a participant's account until T+4, or (3) if the contract is to be settled through the participant's account at another clearing corporation and the contract is not recorded until T+3. The proposed rule change will shorten each time frames by two days.

The proposed rule change also will amend Article III, Rule 2, Section 9 to state that a participant will be deemed to have requested delivery of a security if the participant has entered into contracts to be settled by MCC which will result in net settling sales of such security by the participant during the next two, instead of four, business days. The proposed rule change also will amend the definition of "as-of contract" in Article I, Rule 1, to include contracts for which the intended date of settlement is one to two days, instead of four days, after the recording of the transaction by MCC.

The MCC's implementation of this rule change will be consistent with the "T+3" conversion schedule which the National Securities Clearing Corporation has proposed for industry use. The schedule is as follows:

Trade date	Settlement cycle	Settlement date
June 2 Friday.	5 day .....	June 9 Friday
June 5 Monday.	4 day .....	June 9 Friday

<sup>2</sup> Securities Exchange Act Release No. 33023 (October 6, 1993), 58 FR 52891.

<sup>3</sup> Securities Exchange Act Release No. 34952 (November 9, 1994), 59 FR 59137.

<sup>6</sup> 15 U.S.C. 78s(b)(3)(A)(iii) (1988).

<sup>7</sup> 17 CFR 240.19b-4(e)(4) (1994).

<sup>8</sup> 17 CFR 200.30-3(a)(12) (1994).

<sup>1</sup> 15 U.S.C. § 78s(b)(1) (1988).

Trade date	Settlement cycle	Settlement date
June 6 Tuesday.	4 day .....	June 12 Monday
June 7 Wednesday.	3 day .....	June 12 Monday

If the Commission determines to alter the exemptions currently provided in Rule 15c6-1, MCC may need to undertake additional rule amendments. It is intended that the proposed rule changes are to become effective on the same date as Commission Rule 15c6-1.

The proposed rule change is consistent with Section 17A of the Exchange Act in that it will facilitate the safeguarding of securities and funds which are in MCC's custody or control or for which MCC is responsible. The proposed rule change also is consistent with proposed Rule 15c6-1 which requires brokers or dealers to settle most securities transactions no later than the third business day after the date of the contract unless otherwise expressly agreed to by the parties at the time of the transaction.

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

MCC 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.*

No written comments were either solicited or 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 MCC 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. 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 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 MCC. All submissions should refer to File No. SR-MCC-94-16 and should be submitted by February 17, 1995.

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

**Jonathan G. Katz,**

Secretary.

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[Release No. 34-35259; File Nos. SR-MCC-94-15 and SR-MSTC-94-18]

### **Self-Regulatory Organizations; Midwest Clearing Corporation and Midwest Securities Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Changes Eliminating MBS Clearing Corporation's Right to Collect Monies From the Participants Funds**

January 20, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on December 8, 1994, Midwest Clearing Corporation ("MCC") and Midwest Securities Trust Company ("MSTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule changes (File Nos. SR-MCC-94-15 and SR-MSTC-94-18) as described in Items I, II, and III below, which items have been prepared primarily by MCC and MSTC. The Commission is publishing this notice to solicit comments on the proposed rule changes from interested persons.

### **I. Self-Regulatory Organizations' Statement of the Terms of Substance of the Proposed Rule Changes**

These rule changes amend Article IX, Rule 2, Section 3 of MCC's Rules and Article VI, Rule 2, Section 3 of MSTC's Rules to eliminate the right of MBS Clearing Corporation ("MBS") to collect monies, respectively, from the MCC Participants Fund and from the MSTC Participants Fund when an MCC or MSTC participant fails to discharge a liability to MBS.

### **II. Self-Regulatory Organizations' Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Changes**

In their filings with the Commission, MCC and MSTC included statements concerning the purpose of and basis for the proposed rule changes 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. MCC and MSTC have prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.

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

The purpose of the proposed changes is to eliminate the right of MBS to collect money from the MCC Participants Fund and from the MSTC Participants Fund when an MCC participant or an MSTC participant, respectively, fails to discharge a liability owed to MBS. MBS is no longer affiliated with MCC, MSTC or with the Chicago Stock Exchange ("CHX"), the parent corporation of both MCC and MSTC.<sup>2</sup> The proposed rule changes also amend Article II, Rule 3, Section 1 and Article IX, Rule 2, Section 3 of MCC's Rules and Article VI, Rule 2, Section 3 of MSTC's Rules to change references to the Midwest Stock Exchange to either CHX or the Exchange in order to reflect CHX's name change.

MCC and MSTC believe that the proposed rule changes are consistent with Section 17A of the Act<sup>3</sup> in that they provide for the prompt and accurate clearance and settlement of securities transactions including the safeguarding of securities and funds related thereto.

<sup>2</sup>In August 1994, the CHX sold its interest in MBX to the participants of MBS and to the National Securities Clearing Corporation.

<sup>3</sup>15 U.S.C. § 78q-1 (1988).

<sup>1</sup>15 U.S.C. § 78s(b)(1) (1988).