

telecommunications circuit and server. However, if a subscriber elects to add servers and circuits without maximizing, that subscriber will bear the additional circuit cost of \$1150/month, which constitutes a pass-through of the actual cost borne by NSMI.

The NASD believes that the proposed rule change is consistent with the requirements of Section 15A(b)(5) of the Act. Section 15A(b)(5) specifies that the rules of a national securities association shall provide for the equitable allocation of reasonable dues, fees, and other charges among members, issuers, and other persons using any facility or system that the Association operates or controls. As noted above, this proposal provides that the newly established fees for members receiving the NWII functionality will also be paid by non-member subscribers receiving the NWII.⁴ This, in turn, effectuates fairness in the recovery of the applicable costs from the entire subscriber base. As described earlier, NWII is being implemented in phases with all current NWI subscribers in a defined area being converted to NWII. Assuming Commission approval of this rule change, all non-NASD members that are converted to NWII will be liable for the new fees; NWI subscribers (i.e., members and non-members) will continue to pay the NWI service fees until they are converted.

The NASD believes that the proposed NWII fees are reasonable in that they were calculated to recover the projected costs of operating and maintaining the NWII software, hardware, and the EWN. The development costs associated with NWII have been expensed by NSMI and will not be recovered through the new NWII fees. Although higher than the existing fees for NWI, the NWII fees are believed reasonable in that subscribers will be provided the increased functionality embedded in the new software package, increased network capacity to accommodate future growth in traffic and business volume, and upgraded hardware capable of more rapid processing of message traffic to and from market participants.

Based on the foregoing, the NASD submits that the extension of the new NWII fee schedule to non-members will result in the imposition of uniform fees and an equitable allocation of operating

costs among all subscribers receiving the NWII functionality.

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

The NASD believes that the proposed rule change will not result in 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

Comments were neither solicited nor received.

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 NASD 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, N.W., 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 Room. Copies of the filing will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to the file number in the caption above and should be submitted by February 23, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵

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[Release No. 34-35265; File No. SR-OCC-94-11]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of Proposed Rule Change Relating to Implementation of a Three-Day Settlement Standard for Options Exercises

January 23, 1995.

Pursuant to Section 19(b) (1) of the Securities Exchange Act of 1934, ("Act"),¹ notice is hereby given that The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change on December 30, 1994, as described in Items I, II, and III below, which item have been prepared primarily by OCC. 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 purpose of the proposed rule change is to amend OCC's Rules to make them consistent with a three business day settlement time frame.

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. The text of these three statements may be examined at the places specified in Item IV below. The OCC 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

The purpose of the proposed rule change is to amend OCC's Rules, both with respect to settlements of options exercises and with respect to the stock loan program, to make them consistent with Rule 15c6-1 under the Act. Rule 15c6-1 establishes three business days after the trade date ("T+3"), instead of five business days, as the standard

⁴ NWI and NWII both permit the delivery of either Level 2 or Level 3 Nasdaq service. Subscription to Level 3 is limited to NASD members that meet the financial and operational requirements for market making. Subscription to Level 2 Nasdaq service is open to non-members as well as members because it does not provide the functionality needed to enter quotations as a market maker.

⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1) (1988).

settlement time frame for most broker-dealer trades.² OCC requests that the proposed rule change become effective on the date Rule 15c6-1 becomes effective.³

OCC Rule 902 currently requires that the assigned clearing member of an exercised call option contract or the exercising clearing member of an exercised put option contract deliver the underlying securities on the fifth business day following the day on which the exercise notice was given to OCC. "Fifth" will be changed to "third." Rule 2207 currently dictates the settlement date for a stock loan to be the date that is five business days after the date on which the lending clearing member initiates the termination by notifying OCC. Five business days will be changed to three business days. Rule 2208(b) provides that if the lending clearing member initiates the termination of a stock loan and does not receive the loaned stock in its securities depository account on the date that is five business days after the date on which the lending clearing member initiated the termination, the lending clearing member may execute a buy-in at such time or at any time thereafter. Five business days will be changed to three business days.

OCC has agreed to an implementation plan proposed by the National Securities Clearing Corporation ("NSCC") for transition to a T+3 settlement cycle. 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.
June 6 Tuesday	4 day	June 12 Monday.
June 7 Wednesday	3 day	June 12 Monday.

OCC will add interpretations to Rules 902 and 2207 which will state that OCC will cause settlements of options exercises and assignments and stock loans to be conducted on a schedule which is consistent with any schedule for transition from a five day settlement cycle to a three day settlement cycle for regular-way stock trades.⁴

The proposed rule change is consistent with the purposes and requirements of Section 17A of the Act,

as amended, because it will bring OCC's rules into conformity with Rule 15c6-1 and will promote the development of uniform standards and procedures for clearance and settlement.

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 are 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 the self-regulatory organization 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 Room, 450 Fifth Street, NW., Washington, DC 20549. Copies of the filing will also be available for inspection and copying at the principal office of OCC. All submissions should refer to File No. SR-OCC-94-11 and

should be submitted by February 23, 1995.

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

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-35286; File No. SR-GSCC-94-9]

Self-Regulatory Organizations; Government Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Member Billing

January 27, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934¹ ("Act"), notice is hereby given that on December 1, 1994, the Government Securities Clearing Corporation ("GSCC") 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 GSCC. 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

GSCC proposes to amend its method of billing in order to bill members for actual activity done during the previous month.

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

In its filing with the Commission, GSCC 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. GSCC 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

The primary purpose of the proposed rule change is to change the method by which members are billed so that their

¹ 15 U.S.C. 78s(b)(1) (1988).

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

³ Rule 15c6-1 will become effective on June 7, 1995. Securities Exchange Act Release No. 34952 (November 9, 1994), 59 FR 59137.

⁴ Rule 902, Interpretations and Policies .01 and Rule 2207, Interpretation and Policies .02.