

a customer other than a market-maker must be carried in the clearing member's customers' account. Stock loan positions for which the loaned stock is held for the account of a market-maker may be carried in the lending clearing member's customers' account or market-maker's account. Currently, stock loan and borrow positions may not be maintained in a market-maker's account unless the market-maker has entered into a market-maker's account agreement that specifically authorizes stock loan and borrow positions to be maintained in the account. Additionally, in the case of a combined market-makers' account, stock loan and borrow positions may not be maintained therein unless each market-maker that is a participant in the account has entered into an account agreement that specifically authorizes stock loan and borrow positions to be maintained in such an account. Because OCC has determined that its market-maker's account agreement does accommodate stock loans, OCC is proposing to amend its By-Laws and Rules to allow stock loan and borrow positions to be maintained in market-maker accounts without the execution of an additional agreement.

OCC continues to employ its monitoring and risk reduction procedures which are subject to Commission review and approval. Under the Stock Loan/Hedge Program, OCC has a lien and right of set off against stock loan and borrow positions, and the clearing members' margin requirements will reflect the increase or decrease in risk to OCC associated with stock loan and borrow positions. Open stock loan positions of clearing members will continue to be taken into account in calculating their stock clearing fund obligations. OCC's stock clearing fund is available to cover losses suffered by OCC as a result of the failure of a clearing member to perform any of its obligation to OCC with respect to stock loan and borrow positions.

OCC requires each participating clearing member to instruct OCC as to which accounts the stock loan and borrow positions are to be carried.¹⁰ Clearing members may maintain stock loan positions in a customer's account, a market-maker's account, or a firm account. An instruction from a clearing member to OCC designating a customer's account or a market-maker's account as the account in which a stock loan position is to be carried will

¹⁰ Clearing members may submit standing instructions stating the account or accounts in which all of the clearing member's stock loan or borrow positions are to be carried.

constitute a representation (1) that the loaned securities to which the stock loan position relates are carried for the account of a customer and that the hypothecation of such loaned stock to OCC does not contravene any provision of Commission Rules 8c-1 and 15c2-1¹¹ and (2) that the lending of the securities is consistent with Commission Rule 15c3-3.¹²

Because OCC has assured itself that its market-maker agreements are adequate to accommodate the entry of market-makers into the Stock Loan/Hedge Program, the Commission believes that the removal of OCC's interpretation to its By-Laws that requires a market-maker to execute a separate agreement in order to participate in the Stock Loan/Hedge Program will expedite the process of a market-maker's entry into the program. Thus, the Commission believes that the rule change is consistent with Congress' objective under section 17A(a) (1) (B) of the Act¹³ because it removes inefficient procedures for clearance and settlement thereby eliminating unnecessary costs on investors and persons facilitating transactions by and acting on behalf of investors. Additionally, the Commission believes OCC's proposal is consistent with section 17A(a) (2) (A) of the Act¹⁴ because the Stock Loan/Hedge Program extends the availability of intermarket clearing facilities by further linking and coordinating the clearance and settlement of securities and securities options.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of section 17A(b) (3) (F) of the Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to section 19(b) (2) of the Act, that the proposed rule change (File No. SR-OCC-95-02) be, and hereby is, approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁵

¹¹ Rules 8c-1 and 15c2-1 (17 CFR 240.8c-1 and 240.15c2-1) prohibit the hypothecation and commingling of customer securities without first obtaining the written consent of each customer whose securities are to be hypothecated or commingled.

¹² Because Rule 15c3-3 (17 CFR 240.15c3-3) requires that a broker-dealer maintain possession or control of all customer fully-paid and excess margin securities, such securities can not be the subject of a stock loan. However, customer securities that the broker-dealer clearing member is permitted to lend may be the subject of a stock loan conducted through the Stock Loan/Hedge Program.

¹³ 15 U.S.C. 78q-1(a) (1) (B) (1988).

¹⁴ 15 U.S.C. 78q-1(a) (2) (B) (1988).

¹⁵ 17 CFR 200.30-3(a) (12) (1994).

Margaret H. McFarland,

Deputy Secretary.

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DEPARTMENT OF STATE

[Public Notice No. 2251]

Shipping Coordinating Committee; Subcommittee on Safety of Life at Sea; Working Group on Fire Protection; Meeting

The U.S. Safety of Life at Sea (SOLAS) Working Group on Fire Protection will conduct an open meeting on Tuesday, October 3, 1995 at 9:30 a.m. in Room 6319 at U.S. Coast Guard Headquarters, 2100 Second Street, SW., Washington, DC 20593. The purpose of the meeting is to discuss the outcome of the Fortieth Session of the International Maritime Organization's Sub-Committee on Fire Protection, held on July 17, 1995.

The meeting will focus on proposed amendments to SOLAS for the fire safety of commercial vessels. Specific discussion areas include: smoke and toxicity, closing mechanisms of fire doors, heat radiation through windows and glass partitions, sprinkler systems and fixed water spraying systems, emergency escape breathing devices, high speed craft, criteria for maximum fire loads, fire safety measures for deep fat cooking equipment, foam concentrates, phasing out of halons, interpretations to SOLAS 74, role of the human element in maritime casualties, safety of passenger submersible craft, smoke control and ventilation, fire safety aspects of composite materials used on board ships, and matters relating to tanker safety.

Members of the public may attend up to the seating capacity of the room. For further information regarding the meeting of the SOLAS Working Group on Fire Protection contact Mr. Jack Booth at (202) 267-2997.

Dated: August 24, 1995.

Charles A. Mast,

Chairman, Shipping Coordinating Committee.

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[Public Notice No. 2250]

Shipping Coordinating Committee International Maritime Organization (IMO) Legal Committee; Meeting

The U.S. Shipping Coordinating Committee (SHC) will conduct an open meeting at 10 a.m., on Thursday, September 28, 1995, in Room 6319 of U.S. Coast Guard Headquarters, 2100