

portion of the property (e.g., price, method of financing, expected closing date, etc.).

4. Declaration of entity that it intends to use the property for wildlife refuge, sanctuary, open space, recreational, historical, cultural, or natural resource conservation purposes (12 U.S.C. 1441a-3(b)(4)), as provided in a clear written description of the purpose(s) to which the property will be put and the location and acreage of the area covered by each purpose(s) including a declaration of entity that it will accept the placement, by the RTC, of an easement or deed restriction on the property consistent with its intended conservation use(s) as stated in its notice of serious interest.

5. Authorized Representative (Name/Address/Telephone/Fax).

List of Subjects: Environmental protection.

Dated: August 29, 1995.

Resolution Trust Corporation.

William J. Tricarico,

Assistant Secretary.

[FR Doc. 95-21864 Filed 9-1-95; 8:45 am]

BILLING CODE 6714-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-36162; File No. SR-OCC-95-02]

Self-Regulatory Organizations; The Options Clearing Corporation; Order Approving a Proposed Rule Change Making the Stock Loan/Hedge Program Available to Market-Maker and Specialist Accounts Established and Maintained by Clearing Members

August 29, 1995.

On January 13, 1995, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-OCC-95-02) pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").¹ Notice of the proposal was published in the **Federal Register** on April 11, 1995.² No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

I. Description of the Proposal

The primary purpose of the proposed rule change is to make OCC's Stock Loan/Hedge Program³ available to

accounts established and maintained with OCC by clearing members for market-makers and specialists.⁴ Pursuant to OCC's By-Laws and Rules regarding its Stock Loan/Hedge Program, clearing members are permitted to carry stock loan and borrow positions in market-maker accounts.⁵ However, at the time OCC proposed its Stock Loan/Hedge Program, OCC was concerned that its market-maker agreements⁶ did not adequately accommodate stock loans. Accordingly, in the original Stock/Loan Hedge filing OCC appended an Interpretation to Article XXI, section 5 of its By-Laws stating that OCC would not permit stock loan positions and stock borrow positions to be maintained in a market-maker's account unless the market-maker had entered into an account agreement authorizing stock loan positions and stock borrow positions to be maintained in the account. In addition, OCC stated in that filing that it intended to submit revised versions of the various forms of market-maker agreements to the Commission in a separate proposed rule change in the near future.

OCC has reviewed its current market-maker agreement forms and has concluded that the current forms do adequately accommodate the Stock Loan/Hedge Program. Section 1 of each market-maker agreement causes the market-maker and the clearing member to each agree that OCC has a lien "on all long positions, securities, margin and other funds and assets in the Account." OCC believes that stock loan and borrow positions are "securities, margin and

No. 32638 (July 15, 1993), 58 FR 39264 (File No. SR-OCC-92-34) (order granting permanent approval of the Stock Loan/Hedge Program).

⁴ Market-makers and specialists are collectively referred to in this order as "market-makers," and accounts established and maintained with OCC by clearing members for market-makers, including separate market-maker's or specialist's accounts, combined market-makers' or specialists' accounts, registered trader's accounts, and stock market-maker's or stock specialist's accounts (as described in Article VI, Section 3 of OCC's By-Laws) are collectively referred to in this order as "market-maker accounts."

⁵ For examples of permitted stock loan and borrow positions, refer to OCC By-Laws Article XXI, section 5 stating that a stock loan position may not be maintained in a market-maker's account unless the loaned stock to which the stock loan position relates is held for the account of the market-maker; OCC Rule 601(c) setting out margin requirements for market-maker accounts in which stock loan and borrow positions are carried; and OCC Rules 2209 and 2210 describing the treatment of stock loan and borrow positions of a suspended clearing member, including stock loan and borrow positions carried in a market-maker's account.

⁶ The term "market-maker agreements" is used in this order to refer collectively to the three forms of agreement for market-maker accounts (*i.e.*, separate market-maker's accounts, combined market-makers' accounts, and joint accounts).

other funds and assets" and accordingly has concluded that this language adequately establishes its rights with respect to stock loan and borrow positions carried in market-maker accounts.

In addition, OCC has concluded that section 3 of its market-maker agreements causes market-makers signing the agreement to authorize the clearing member to lend assets (*i.e.*, stock) in the account and to authorize OCC to rely on the terms on which the assets are loaned.⁷ Therefore, OCC now believes that the Interpretation to Article XXI, section 5 of its By-Laws is unnecessary and proposes to delete the Interpretation.

II. Discussion

Section 17A(a)(1)(B) of the Act⁸ sets forth Congress' finding that inefficient procedures for clearance and settlement impose unnecessary costs on investors and persons facilitating transactions by and acting on behalf of investors. Under Section 17A(a)(2),⁹ Congress directs the Commission to use its authority to carry out the objectives set forth in section 17A(a)(1). As discussed below, the Commission believes that OCC's proposed rule change is consistent with the objectives established by Congress under the Act because it should remove inefficient procedures from the clearance and settlement system.

Stock loan positions for which the loaned stock is held for the account of

⁷ A stock loan is not the result of an "exchange transaction" for purposes of OCC's rules because it does not arise from a transaction on an exchange. Therefore, OCC was concerned that the language of section 1 of the market-maker agreements did not adequately accommodate stock loans because the language is limited to exchange transactions of market-makers for whom an account is established. However, a stock borrow or loan position is established by a lending clearing member or borrowing clearing member and not by a market-maker. As defined in Article I, section 1(S)(8), the term "stock borrow position" means the position of a borrowing clearing member with respect to a stock loan. In addition, in Article I, section 1(S)(11), the term "stock loan position" means the position of a lending clearing member with respect to a stock loan. A borrowing clearing member does not need any authorization from market-makers because the position is entirely the responsibility of the clearing member. Similarly, a stock loan position is entirely the responsibility of the lending clearing member. However, because a stock loan position in a market-maker account may arise only from a clearing member's lending of stock held for a market-maker for whom the account is carried (pursuant to Article XXI, section 5(d) of OCC's By-Laws), a lending clearing member does not need authority from a market-maker to permit the clearing member to lend the market-maker's stock, and OCC needs authority from the market-maker to rely upon the terms of the loan. As described in the text, OCC believes the current form of the market-maker agreements cause market-makers to provide this authority to both the clearing member and OCC.

⁸ 15 U.S.C. 78q-1(a)(1)(B) (1988).

⁹ 15 U.S.C. 78q-1(a)(2) (1988).

¹ 15 U.S.C. 78s(b)(1) (1988).

² Securities Exchange Act Release No. 35567 (April 5, 1995), 60 FR 18433.

³ For a description of OCC's Stock Loan/Hedge Program, refer to Securities Exchange Act Release

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.

[FR Doc. 95-21935 Filed 9-1-95; 8:45 am]

BILLING CODE 8010-01-M

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.

[FR Doc. 95-21841 Filed 9-1-95; 8:45 am]

BILLING CODE 4710-07-M

[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