

31, 1995, order extending GSCC's temporary registration as a clearing agency,⁸ the Commission noted that GSCC's new categories of membership had not been extensively used. As discussed below, GSCC is in the process of introducing services for trades in repurchase agreements involving government securities ("repos"). Because institutional entities are more significant participants in the repo market than in the cash market, GSCC expects much greater utilization of these and other nontraditional membership categories (e.g., those membership categories for entities other than dealers and banks) in the coming years. In the February Registration Letter, GSCC stated that it believes its current method of selecting its board of directors assures members fair representation.⁹ The Commission is reviewing GSCC's request to remove the exemptions.

In addition to the accomplishments cited by GSCC in the February Registration Letter, GSCC asserts that it has made significant progress towards offering a comprehensive set of services to the Government securities marketplace through the implementation of its comparison service for repos¹⁰ and through its proposed rule change that would grant GSCC the authority to implement netting, settlement, and guarantee services for the non-same-day-settling aspects of overnight and term repos.¹¹

approved two proposed rule changes that increased the categories of those eligible for membership in GSCC's netting system. Securities Exchange Act Release Nos. 34935 (November 3, 1994), 59 FR 56100 (order approving establishment of new categories of netting system membership for futures commission merchants) and 32722 (August 5, 1993), 58 FR 42993 (order approving establishment of new categories of netting system membership for dealer and interdealer brokers, issuers of government securities, insurance companies, registered clearing agencies, and registered insurance companies).

⁸ *Supra* note 5.

⁹ GSCC's current selection process for its board of directors permits any GSCC member to nominate candidates for election to the Board and to vote for candidates so nominated. In the February Registration Letter, GSCC stated that it recognizes future membership growth may require GSCC to adjust the selection process to ensure fair member representation on the Board.

¹⁰ In the September Registration Letter, GSCC represents that since May 12, 1995, the repo comparison service has grown to include 43 participants with an average daily volume of 2,330 repos compared with an average value of \$74.1 billion. The average daily comparison rate for these repos is 93 percent. For a complete description of GSCC's comparison service for repos, refer to Securities Exchange Act Release No. 35557 (March 31, 1995), 60 FR 17598 (order approving the GSCC comparison service for repos).

¹¹ For a description of GSCC's proposal regarding the implementation of netting, settlement, and guarantee services for the non-same-day-settling aspects of overnight and term repos, refer to Securities Exchange Act Release No. 36252

Furthermore, GSCC represents that it and the Board of Trade Clearing Corporation have made progress toward establishing a cross-margining arrangement for the benefit of market participants that are active in both the cash and futures Government securities markets.

Interested persons are invited to submit written data, views, and arguments concerning the foregoing application by November 16, 1995. Such written data, views, and arguments will be considered by the Commission in granting registration or instituting proceedings to determine whether registration should be denied in accordance with Section 19(a)(1) of the Act.¹² Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Reference should be made to File No. 600-23. Copies of the amended application for registration and all written comments will be available for inspection at the Commission's Public Reference Room, 450 Fifth Street, NW., Washington, DC 20549.

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

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-36396; File No. SR-NASD-95-47]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to Member Subscriber Deposits for Nasdaq Level 2/3 Service and Equipment

October 20, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on October 11, 1995, the National Association of Securities Dealers, Inc. ("NASD" or "Association") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the NASD. The NASD has designated this proposal as establishing or changing a due, fee, or

(September 19, 1995), 60 FR 49649 [File No. SR-GSCC-95-02] (notice of filing of proposed rule change).

¹² 15 U.S.C. 78s(a)(1) (1988).

¹³ 17 CFR 200.30-3(a)(16) (1994).

other charge under Section 19(b)(3)(A) of the Act, which renders the rule effective upon the Commission's receipt of this filing. 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

Pursuant to the provisions of Section 19(b)(1) under the Act, the NASD is proposing to revise the subscriber deposit requirements contained in Part VIII, Paragraph G.1. and 2. of Schedule D to the NASD By-Laws. The text of the proposed rule change is as follows. (Additions are italicized; deletions are bracketed.)

Schedule D

Part VIII

Schedule of NASD Charges for Services and Equipment

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G. Subscriber Deposits

New and existing subscribers to Level 2/3 or Nasdaq Workstation™ service shall be subject to the following deposit charges per unit:

1. New subscriber

a. estimated *telecommunications provider* [installation] charges [including cable, freight and telephone company charge;] *for network infrastructure, connection and testing;*

b. two (2) months *circuit* [service and equipment] charges; and

c. estimated *telecommunications provider* disconnect charges [including Harris disconnect and freight charges].

2. Existing subscribers subject to subscriber deposits include those that have been placed on the termination list two or more times within a two year period; those that have paid for services with one or more NSF checks; and those that have had service disconnected for non-payment but have not had equipment removed:

a. two (2) months *circuit* [service and equipment] charges; and

b. estimated *telecommunications provider* disconnect charges [including Harris disconnect and freight charges].

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

In its filing with the Commission, the NASD 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. The NASD 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 proposed rule change reflects increased charges for the provision of telecommunications services underlying Nasdaq Workstation II Service, and clarifies the various component functions encompassed within the circuit installation fee so that the true nature of the charge is made clear to new subscribers. These requirements would pertain only to new subscribers or existing subscribers that have defaulted on the payment of their charges.

Note that the proposed rule change has become effective immediately upon filing with respect to NASD members as indicated in Section III below. A companion filing, which applies the proposed rule change to non-member subscribers, is being filed separately pursuant to Section 19(b)(2) of the Act.

The NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(5) of the Act, which requires that the rules of the Association provide for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which the association operates or controls.

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

The NASD does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

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

Written comments were neither solicited nor received.

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

With respect to NASD members, the foregoing rule change has become effective immediately pursuant to Section 19(b)(3)(A) of the Act and subparagraph (e) of Rule 19b-4 thereunder because it establishes or changes a due, fee or other charge imposed by the NASD. At any time within 60 days of the filing of such rule change, the Commission may summarily abrogate the 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, 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. Copies of such 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 November 16, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority, 17 CFR 200.30-3(a)(12).

Margaret H. McFarland,
Deputy Secretary.

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[Release No. 34-36397; File No. SR-NASD-95-48]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to Non-Member Subscriber Deposits for Nasdaq Level 2/3 Service and Equipment

October 20, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on October 11, 1995, the National Association of Securities Dealers, Inc. ("NASD" or "Association") filed with the Securities and Exchange Commission ("SEC" or "Commission") 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.

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

Pursuant to the provisions of Section 19(b)(1) under the Act, the NASD is proposing to revise the subscriber deposit requirements contained in Part VIII, Paragraph G.1. and 2. of Schedule D to the NASD By-Laws. The text of the proposed rule change is as follows. (Additions are italicized; deletions are bracketed.)

Schedule D

Part VIII

Schedule of NASD Charges for Services and Equipment

G. Subscriber Deposits

New and existing subscribers to Level 2/3 or Nasdaq Workstation™ servicer shall be subject to the following deposit charges per unit:

1. New subscriber
 - a. estimated *telecommunications provider* [installation] charges [including cable, freight and telephone company charges;] *for network infrastructure, connection and testing;*
 - b. two (2) months *circuit* [service and equipment] charges; and
 - c. estimated *telecommunications provider* disconnect charges [including Harris disconnect and freight charges].
2. Existing subscribers subject to subscriber deposits include those that have been placed on the termination list two or more times within a two year period; those that have paid for services with one or more NSF checks; and those that have had service disconnected for non-payment but have not had equipment removed:
 - a. two (2) *circuit* [service and equipment] charges; and
 - b. estimated *telecommunications provider* disconnect charges [including Harris disconnect and freight charges].

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

In its filing with the Commission, the NASD 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. The NASD 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 proposed rule change reflects increased charges for the provision of