

periods after June 30, 1996, is determined to be \$36.

Dated: October 26, 1995.

By Authority of the Board.

Beatrice Ezerski,

Secretary to the Board.

[FR Doc. 95-27223 Filed 11-1-95; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-36430; File No. SR-GSCC-95-03]

Self-Regulatory Organizations; Government Securities Clearing Corporation; Notice of Filing of a Proposed Rule Change Seeking Authority To Release Clearing Data Relating to Participants to the National Securities Clearing Corporation's Collateral Management Service and Other Parties

October 27, 1995.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on August 28, 1995, the Government Securities Clearing Corporation ("GSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-GSCC-95-03) as described in Items I, II, and III below, which items have been prepared primarily by GSCC. On September 13, 1995, GSCC filed an amendment to the proposed rule change to make a technical correction.² 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 modify GSCC's rules to authorize the release of clearing data relating to GSCC's participants to the National Securities Clearing Corporation's ("NSCC") Collateral Management Service ("CMS")³ and to other parties.

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 that 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.⁴

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The proposal will amend GSCC Rule 1 and GSCC Rule 29 to enable GSCC to participate in NSCC's CMS.⁵ GSCC Rule 1 ("Definitions") will be amended by adding the term "CFTC-Recognized Clearing Organization" and to define it as "a clearing organization that is affiliated with, or designed by, a contracts market or markets trading specific futures products, and is under the oversight of the Commodity Futures Trading Commission." The term "Collateral Management Service" also will be added and defined as "the collateral management information-sharing service operated by the National Securities Clearing Corporation."

GSCC Rule 29 ("Release of Clearing Data") will be amended to permit GSCC to release clearing data to CFTC-Recognized Clearing Organizations and otherwise to NSCC solely in connection with NSCC providing its CMS.⁶ Section 4 of Rule 29 will be amended to clarify that the term "Clearing Data" will include other data in addition to transaction date that is received by GSCC in the clearance and/or settlement process.

GSCC believes the proposed rule change is consistent with Section 17A of the Act and the rules and regulations thereunder because the rule proposal should help to safeguard securities and funds in its custody or control or for which it is responsible.

⁴ The Commission has modified the text of the summaries submitted by GSCC.

⁵ Generally, NSCC's CMS will provide participating participants and clearing agencies with access to information regarding participating participants' clearing fund, margin, and other similar requirements and deposits at participating clearing agencies. For a complete description of the CMS, refer to Securities Exchange Act Release No. 36091 (August 10, 1995), 60 FR 42931 [File No. SR-NSCC-95-06] (order approving NSCC's CMS).

⁶ Section 2(a) of Rule 29 already permits GSCC to release clearing data to other self-regulatory organizations such as NSCC that have regulatory authority over a GSCC member. The purpose of new Section 2(b) is to make explicit GSCC's authority to release clearing data to NSCC for its CMS.

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

GSCC does not believe that the proposed rule change will 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

No written comments relating to the proposed rule change have been solicited or received. GSCC will notify the Commission of any written comments received by GSCC.

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 GSCC 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 will also be available for inspection and copying at the principal office of GSCC. All submissions should refer to the file number SR-GSCC-95-03 and should be submitted by November 24, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁷

⁷ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1) (1988).

² Letter from Jeffrey F. Ingber, General Counsel and Secretary, GSCC, to Peter R. Geraghty, Division of Market Regulation, Commission (September 13, 1995).

³ *Infra* note 5.

Margaret H. McFarland,
Deputy Secretary.
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[Release No. 34-36431; File No. SR-MBSCC-95-05]

Self-Regulatory Organizations; MBS Clearing Corporation; Order Approving a Proposed Rule Change Authorizing the Release of Clearing Data Relating to Participants

October 27, 1995.

On June 28, 1995, the MBS Clearing Corporation ("MBSCC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-MBSCC-95-05) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").¹ On July 24, 1995, MBSCC filed an amendment to the proposed rule change.² Notice of the proposal was published in the Federal Register on August 24, 1995.³ No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

I. Description of the Proposal

The proposed rule change modifies Article V of MBSCC's Rules by adding a new Rule 14 concerning the release of data relating to participants' clearance and settlement activity. MBSCC receives transaction data and other data relating to its participants in the normal course of its business. The rule change sets forth MBSCC's obligation to preserve its participants' rights with respect to such data and the conditions under which MBSCC will disclose such data.

The rule change permits MBSCC to disclose such data to regulatory organizations, self-regulatory organizations, clearing organizations affiliated with or designated by contract markets trading specific futures products under the oversight of the Commodity Futures Trading Commission, and others under certain conditions. The rule change also provides that, absent valid legal process or as provided for elsewhere in Rule 14, MBSCC will only release clearing data relating to a particular participant to such participant upon its written request.⁴ Furthermore, the rule provides

that MBSCC is not prevented from releasing clearing data to parties other than those discussed above provided that such data be in format that does not disclose proprietary and/or confidential financial, operational, or trading data of a particular participant or groups of participants. Finally, the rule change also defines "clearing data" to mean transaction and other data which is received by MBSCC in the clearance and/or settlement process or such reports or summaries which may be produced as a result of processing such data.

The rule change facilitates MBSCC's participation in the National Securities Clearing Corporation's ("NSCC") Collateral Management Service ("CMS")⁵ because it enables MBSCC to provide information regarding MBSCC's participants fund, including excess or deficit amounts, and comprehensive data on the collateral deposited in the participants fund to NSCC for inclusion in NSCC's CMS. Participants of MBSCC that desire access to the CMS data are required to execute a CMS application. The executed CMS application will constitute a participant's written request required under MBSCC's new Rule 14 to Article V to authorize MBSCC to release the participant's clearing data to that participant.⁶

II. Discussion

Section 17A(b)(3)(F) of the Act requires that the rules of a clearing agency be designed to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible.⁷ As discussed below, the Commission believes the proposed rule change is consistent with MBSCC's obligation under Section 17A(b)(3)(F) because the proposal sets forth MBSCC's responsibilities and obligations with regard to releasing participants' clearing data. MBSCC's new rule sets forth specific procedures that MBSCC and a participant must comply with before that participant's clearing data will be

share data with other regulatory or self-regulatory organizations for regulatory purposes.

⁵ Generally, NSCC's CMS will provide participating participants and clearing agencies with access to information regarding participating participants' clearing fund, margin, and other similar requirements and deposits at participating clearing agencies. For a complete description of the CMS, refer to Securities Exchange Act Release No. 36091 (August 10, 1995), 60 FR 42931 [File No. SR-NSCC-95-06] (order approving the CMS).

⁶ A separate CMS agreement between MBSCC and NSCC sets forth MBSCC's and NSCC's authorizations and obligations to collect and provide information relating to the participants' clearing fund and margin requirements and deposits.

⁷ 15 U.S.C. 78q-1(b)(3)(F) (1988).

released for purposes such as participation in NSCC's CMS. MBSCC's and its participants' participation in NSCC's CMS should help MBSCC and other clearing agencies to better monitor clearing fund, margin, and other similar required deposits that protect a clearing agency against loss should a member default on its obligations to the clearing agency.⁸

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-MBSCC-95-05) be, and hereby is, approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁹

⁸ Although MBSCC currently does not have any cross-guarantee agreements or arrangements with other clearing agencies, NSCC's CMS will be especially beneficial to those participating clearing entities that have executed cross-guaranty agreements or have other cross-guarantee arrangements. The Commission supports the use of cross-guaranty agreements and other similar arrangements among clearing agencies as a method of reducing clearing agencies' risk of loss due to a common participant's default and encourages MBSCC to explore such agreements or arrangements.

Currently, the Depository Trust Company ("DTC") and NSCC are the only clearing agencies registered with the Commission that have executed a cross-guaranty agreement. The agreement provides that in the event of a default of a common member, any resources remaining after the failed common member's obligations to the guaranteeing clearing agency have been satisfied will be made available to the other clearing agency. The guaranty is not absolute but rather is limited to the extent of the resources relative to the failed member remaining at the guaranteeing clearing agency. The principal resources will be the failed member's settlement net credit balances and deposits to the clearing agencies' clearing funds. For a complete description of DTC's and NSCC's agreement, refer to Securities Exchange Act Release No. 33548 (January 31, 1994), 59 FR 5638 [File Nos. SR-DTC-93-08 and SR-NSCC-93-07].

The Midwest Securities Trust Company ("MSTC") and Midwest Clearing Corporation ("MCC") and the Philadelphia Depository Trust Company ("Philadep") and the Stock Clearing Corporation of Philadelphia ("SCCP") each have cross-guarantee arrangements with their related affiliate. Pursuant to Section 3, Rule 2, Article VI of MSTC's Rules, a defaulting participant's obligations at MSTC or MCC will be discharged by application of that participant's deposits at either clearing agency if that participant is a common member to both clearing agencies. MCC's Rules contain a similar provision. Similarly, pursuant to Section 4, Rule 4 of SSCP's Rules, SSCP will make available any portion of a defaulting participant's contribution to its participants fund to offset a loss suffered by Philadep by reason of that participant's default. Philadep's Rules contain an identical provision.

⁹ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1) (1988).

² Letter from Anthony H. Davidson, MBSCC, to Peter R. Geraghty, Division of Market Regulation, Commission (July 21, 1995).

³ Securities Exchange Act Release No. 36107 (August 16, 1995), 60 FR 44092.

⁴ As a self-regulatory organization, MBSCC currently is permitted without obtaining a participant's written authorization to cooperate and