

Room 5315, Washington, DC 20415-0001, (202) 606-1000.

**SUPPLEMENTARY INFORMATION:** We invite interested persons and organizations to submit written comments. Mail or deliver your comments to Mr. Douglas K. Walker at the address shown above. Written comments should be received by December 8 in order to be considered at the December 13 meeting.

Office of Personnel Management.

James B. King,

Director.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-36559; File No. SR-GSCC-95-04]

### Self-Regulatory Organizations; Government Securities Clearing Corporation; Order Approving a Proposed Rule Change Modifying GSCC's By-laws To Provide Indemnification Protection for Members of Committees

December 6, 1995.

On August 25, 1995, the Government Securities Clearing Corporation ("GSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-GSCC-95-04) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").<sup>1</sup> Notice of the proposal was published in the Federal Register on November 6, 1995.<sup>2</sup> No comment letters were received. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

#### I. Description

GSCC has amended its by-laws to provide indemnification protection for members of committees established by GSCC's Board of Directors who are not officers or directors of GSCC. Article IV, Section 4.1, of GSCC's by-laws currently requires that GSCC indemnify to the full extent permitted by law a present or past director or officer of GSCC who is made a party to any action or proceeding, whether civil or criminal, by reason of the fact that such person is or was a director or officer of GSCC.

The indemnification obligation under Article IV, Section 4.1, did not extend to members of committees established by GSCC's Board of Directors if the

members of the committees were not directors or officers of GSCC. Thus, for example, the indemnification protection in GSCC's by-laws did not cover most of the members of GSCC's Risk Management Committee who are senior credit officers of GSCC member firms.<sup>3</sup> The amendment provides members of Board-established committees with indemnification protection comparable to the protection currently given to GSCC's directors and officers.

#### II. Discussion

Section 17A(b)(3)(F)<sup>4</sup> 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. The Commission believes GSCC's proposed rule change is consistent with the requirements of Section 17A(b)(3)(F) because the proposal, by affording appropriate protection to committee members, should enable GSCC to obtain the services of qualified individuals on its Board-established committees and should help ensure that such individuals may act freely and objectively in the exercise of their duties. By enhancing the selection and objectivity of its committee members, GSCC's committees may better fulfill their obligations to limit credit and market risks to GSCC's system thus assuring GSCC's ability to safeguard securities and funds under its control.

#### III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 17A 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-GSCC-95-04) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-30301 Filed 12-2-95; 8:45 am]

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<sup>3</sup>The Risk Management Committee provides advice to GSCC on the creditworthiness of individual applicants for netting system membership, on the assessment of the financial status of current netting system members, and on market conditions affecting the government securities market.

<sup>4</sup> 15 U.S.C. 78q-1(b)(3)(F) (1988).

<sup>5</sup> 17 CFR 200.30-3(a)(12) (1994).

[Release No. 34-36557; File No. SR-MBSCC-95-8]

### Self-Regulatory Organizations; MBS Clearing Corporation; Notice of Filing Relating to Eligibility Changes for Settlement Balance Order Settlement

December 6, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on October 17, 1995, MBS Clearing Corporation ("MBSCC") 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 MBSCC. On November 1, 1995, MBSCC filed an amendment to its proposed rule change.<sup>2</sup> 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 proposed rule change consists of modifications to MBSCC's Procedures relating to eligibility for Settlement Balance Order (SBO) settlement.

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

In its filing with the Commission, MBSCC 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. MBSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.<sup>3</sup>

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

The proposed rule change will modify MBSCC's Procedures relating to eligibility for SBO settlement. Specifically, the purpose of the proposed rule change is to enable MBSCC to reject trades destined for SBO settlement between multiple accounts of a participant as well as between a participant's account and an account of

<sup>1</sup> 15 U.S.C. § 78s(b)(1) (1988).

<sup>2</sup> Letter from Anthony H. Davidson, MBSCC, to Michele J. Bianco, Division of Market Regulation, Commission (November 1, 1995).

<sup>3</sup> The Commission has modified parts of these statements.

<sup>1</sup> 15 U.S.C. 78s(b)(1) (1988).

<sup>2</sup> Securities Exchange Act Release No. 36435 (October 30, 1995), 60 FR 56082.

a related participant.<sup>4</sup> The SBO settlement netting process was not intended for trades between multiple accounts of a participant or between a participant's account and an account of a related participant. The inclusion of these types of trades was not contemplated when the MBSCC cash adjustment procedures were developed, and the inclusion could cause a perception that participants might receive greater or lesser amounts than originally intended depending upon the amount of internal trades submitted. Participants may record such trades on a trade-for-trade basis.

The proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder because it will facilitate the prompt and accurate clearance and settlement of securities transactions.<sup>5</sup>

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

MBSCC does not believe that the proposed rule change will have an impact on 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*

MBSCC advised participants by an administrative bulletin dated October 6, 1995, that it would file the proposed rule change with the Commission. No written comments relating to the proposed rule change 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.

<sup>4</sup> The term "related participant" means any affiliate (as defined in Rule 12b-2 of the Act) or entity that is used or intended to be used in whole or in part to contravene the purposes of the proposed rule change. Letter from Anthony H. Davidson, MBSCC, to Michele J. Bianco, Division of Market Regulation, Commission (November 1, 1995).

<sup>5</sup> 15 U.S.C. § 78q-1 (1988).

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 provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room in Washington, DC. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization.

All submissions should refer to the file number SR-MBSCC-95-08 and should be submitted by January 3, 1996.

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

Margaret H. McFarland,

*Deputy Secretary.*

[FR Doc. 95-30300 Filed 12-12-95; 8:45 am]

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[Release No. 34-36563; File No. SR-NASD-95-57]

**Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Relating to Policy Statement on Market Closings**

December 7, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on November 22, 1995, the National Association of Securities Dealers, Inc. ("NASD" or "Association") 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 by the NASD. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

<sup>1</sup> 15 U.S.C. 78s(b)(1) (1988).

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

The NASD proposes to amend its Policy Statement on Market Closings ("Statement" or "Policy Statement"), adopted pursuant to Article VII, Section 3 of the NASD By-Laws, to: (1) extend the expiration date of the Statement to December 31, 1997; and (2) reflect regulatory developments since the Statement was first adopted in 1988. The amended Statement is as follows (additions are italicized; deletions are bracketed):

NASD Board of Governors Policy Statement on Market Closing  
September 20, 1988

*Amended [insert date] 1995*

*In 1988, [T] the Board of Governors of the National Association of Securities Dealers, Inc. [has] carefully considered the numerous proposals resulting from the October 1987 market break including the Report of the NASD Committee on the Quality of Markets and the "circuit breaker" proposal recommended by the President's Working Group on Financial Markets. The Working Group proposal recommend[s]ed that all U.S. markets for equity and equity-related products, i.e., stocks, individual stock options, and stock index options and futures, halt trading for [one hour] certain specified periods if the Dow Jones Industrial Average [{"DJIA"}] decline[s]d 250 points or 400 points from its previous day's closing level [and for two hours if the DJIA declines 400 points]. The proposal also recommend[s]ed specific reopening procedures and consistent index futures price limit requirements. Subsequently, the major securities exchanges adopted the recommendations of the Working Group as trading halt rules, with uniform criteria established for the coordinated implementation of trading halts across all equity and equity-related markets in the event of extraordinary market movements. The exchanges have, from time-to-time, considered amendments to such rules.*

Having reviewed the [se numerous] original proposal[s] of the Working Group, the trading halt rules adopted by the major securities exchanges and any modifications thereto, the Board of Governors [has adopted] reaffirms the position that is set forth below in this Statement of Policy.

The Board notes that while progress has been made by the markets in areas involving systems capacity, margin requirements and information sharing, a