

NSCC and its members can settle in same day funds.⁵

The proposed rule change allows members settling mutual fund transactions in same day funds to settle their obligations with NSCC through a settling bank. Because settlement banks net their settling members, fund members, and their own NSCC debits and credits into a single debit or credit balance with NSCC, the number of payments made to NSCC or by NSCC at settlement will be reduced. Reducing the number of payments between members and NSCC should make the settlement process more efficient and should reduce the risk of error associated with multiple payments between NSCC and individual members. As a result, the prompt and accurate clearance and settlement of securities transactions and the safeguarding of securities and funds which are in the custody or control of NSCC or for which it is responsible should be promoted.

Furthermore, the use of settling banks should reduce the risks associated with a member's failure to settle because a settling bank must notify NSCC by the designated cutoff time of its refusal to settle for a particular member. The settling bank's notice to NSCC allows NSCC the opportunity to prepare for the possibility of member failure by identifying alternate sources of financing (e.g., lines of credit or member collateral). This also should further NSCC's ability to meet its obligation to safeguard securities and funds which are in its custody or control or for which it is responsible.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with Section 17A(b)(3)(F) of the Act.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-NSCC-95-13) be, and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁶

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[Release No. 34-36708; International Series Release No. 915; File No. SR-NYSE-95-36]

Self-Regulatory Organizations; New York Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to the Specifications and Content Outline for the Japan Module (Series 47) of the General Securities Registered Representative Examination

January 11, 1996.

I. Introduction

On October 25, 1995, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to adopt the Japan module of the General Securities Registered Representative Examination.

The proposed rule change was published for comment in the Federal Register on December 4, 1995.³ No comments were received on the proposal. This order approves the proposal.

II. Description of the Proposal

Presently, registered representatives who already are qualified to conduct business in Japan and who wish to sell securities in the United States must qualify as registered representatives in the U.S. by successfully completing the General Securities Registered Representative Examination (Series 7).⁴ In an effort to reduce redundant qualification requirements, the Exchange has developed the Japan module (Series 47) of the Series 7. As a subset of the Series 7, this 160 question module is designed to test the Japanese registered representatives' knowledge of U.S. securities laws, markets, investment products, and sales practices.

To become registered with the Exchange, qualified Japanese registered representatives in good standing with the Japanese securities authorities would be required to obtain a passing score on the Series 47. Japanese representatives seeking to sell municipal securities, however, would

be required to pass either the standard Series 7 or a combination of the Series 47 and the Series 52 (Municipal Securities Representative Examination).

III. Discussion

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange. In particular, the Commission believes the proposal is consistent with the requirements of Section 6(b)(5) and Section 6(c)(3)(B).⁵

The Commission believes the proposal is consistent with Section 6(b)(5)⁶ because it is designed to help perfect the mechanism of a free and open market. The Series 47 reduces duplicative qualification requirements and, at the same time, allows the Exchange to ensure that the Japanese representatives wishing to become registered with the Exchange are fully qualified.

The Commission believes the proposal is consistent with Section 6(c)(3)(B)⁷ because it establishes standards of training, experience, and competence for persons associated with Exchange members and member organizations. The Japan module should provide comprehensive coverage of the topics contained in the Series 7 that are not covered, or are not covered in sufficient detail, in the Securities Sales Representative Qualification Examination. Accordingly, the Series 47, combined with the Securities Sales Representative Qualification Examination, should measure the qualifications of Japanese representatives adequately.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁸ that the proposed rule change (SR-NYSE-95-36) is approved.

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

Margaret H. McFarland,
Deputy Secretary.

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¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 36514 (Nov. 27, 1995), 60 FR 62118.

⁴ Likewise, U.S. qualified registered representatives desiring to conduct securities business in Japan must satisfy Japanese requirements by passing the Securities Sales Representative Qualification Examination or by meeting experiential requirements.

⁵ 15 U.S.C. 78f(b)(5) and 78f(c)(3)(B).

⁶ 15 U.S.C. 78f(b)(5).

⁷ 15 U.S.C. 78f(c)(3)(B).

⁸ 15 U.S.C. 78s(b)(2).

⁹ 17 CFR 200.30-3(a)(12).

⁵ For a complete description of the same-day funds conversion, refer to NSCC, Important Notice (October 16, 1995 and November 29, 1995).

⁶ 17 CFR 200.30-3(a)(12) (1994).