

[Release No. 34-38021; File No. SR-MBSCC-96-06]

**Self-Regulatory Organizations; MBS Clearing Corporation; Notice of Filing of a Proposed Rule Change Relating to Satisfying Daily Margin Requirements**

December 5, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> notice is hereby given that on October 7, 1996, 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. 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 will eliminate the depository receipt as a method of satisfying participants fund deposit requirements and instead will require participants that use securities to satisfy their daily margin requirements to deliver the securities in book-entry form to MBSCC's account at any entity approved by MBSCC which shall hold the securities on behalf of MBSCC.

**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>2</sup>

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

The purpose of the proposed rule change is to eliminate the use of the depository receipt as a method of satisfying participants fund deposit requirements. Instead, MBSCC will require that any participant who uses securities to satisfy such requirement to deliver the securities to MBSCC's

account at any entity approved by MBSCC ("book-entry method").

The depository receipt method involves the joint endorsement by the participant and the custodian of a receipt evidencing the pledge of specified securities. There are several potential risks associated with depository receipts that would be eliminated with the use of the book-entry method of pledging securities. Such risks include: (1) Forgery, (2) unauthorized individuals executing on behalf of the participant or the custodian, (3) improper segregation of the pledged securities from other securities, (4) unauthorized releases of the pledged securities, and (5) the possibility that the custodian would not release the securities to MBSCC upon MBSCC's proper demand for such a release. For this year to date, MBSCC asserts that the average daily dollar value of securities pledged using the depository receipt method to satisfy daily margin requirements is \$1.05 billion. MBSCC will be responsible for the payment of any fees associated with the establishment of a pledge account at a trust company approved by MBSCC's board of directors for use in connection with the book-entry method.

MBSCC believes the proposed rule change is consistent with the requirements of Section 17A of the Act<sup>3</sup> and the rules and regulations promulgated thereunder because the rule change will enhance MBSCC's ability to protect itself and its participants against loss.

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

MBSCC 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. MBSCC will notify the Commission of any written comments received by MBSCC.

**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 reason 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 proceeding to determine whether the proposed rule change should be disapproved.

**IV. Solicitation of Comments**

Interested person 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 N.W., Washington, D.C. 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, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of MBSCC. All submissions should refer to File No. SR-MBSCC-96-06 and should be submitted by January 3, 1997.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>4</sup>

Margaret H. McFarland,

*Deputy Secretary.*

[FR Doc. 96-31498 Filed 12-11-96; 8:45 am]

BILLING CODE 8010-01-M

**DEPARTMENT OF TRANSPORTATION**

**Office of the Secretary**

**Reports, Forms and Recordkeeping Requirements; Agency Information Collection Activity Under OMB Review**

**AGENCY:** Department of Transportation (DOT).

**ACTION:** Notice.

**SUMMARY:** In compliance with the Paperwork Reduction Act 1995 (44 USC Chapter 35), this notice announces that the Information Collection Request (ICR) abstracted below has been forwarded to the Office of Management and Budget (OMB) for review and comment. The

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

<sup>2</sup> The Commission has modified the text of the summaries submitted by MBSCC.

<sup>3</sup> 15 U.S.C. 781-1 (1988).

<sup>4</sup> 17 CFR 200.30-3(a)(12) (1996).