

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 N.W., Washington, D.C. 20549. Copies of this submission, all subsequent amendments, all written statements with respects 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, D.C. 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 No. SR-GSCC-97-01 and should be submitted by June 6, 1997.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38595; File No. SR-MBSCC-96-08]

Self-Regulatory Organizations; MBS Clearing Corporation; Order Approving a Proposed Rule Change Relating to Liens on Participants' Property

May 9, 1997.

On November 20, 1996, MBS Clearing Corporation ("MBSCC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-MBSCC-96-08) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ to explicitly state that MBSCC has a lien on all property placed in its possession by its participants. On January 3, 1997, and on January 14, 1997, MBSCC filed amendments to the proposed rule change. Notice of the proposal was published in the **Federal Register** on February 26, 1997.² On April 10, 1997, MBSCC again amended the proposed

rule change.³ No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

I. Description

Unlike other clearing agencies, MBSCC's rules did not contain specific language stating that MBSCC has a lien on all property placed into its possession by its participants.⁴

However, MBSCC has stated that it always intended to have such a lien. The proposed rule change modifies MBSCC's rules to explicitly state that MBSCC has a lien on all property placed in its possession by its participants.

The proposed rule change also revises MBSCC's rules to clarify that any cash received with respect to deposits to MBSCC's participants fund from and not yet distributed to a participant is available to MBSCC for satisfaction of participant liabilities.

II. Discussion

Section 17A(b)(3)(F)⁵ of the Act requires that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions. The Commission believes that the proposed rule change is consistent with MBSCC's obligations under the Act because the proposed rule change adds language providing MBSCC with assurances that, in the event one of its participants fails to discharge its liabilities, MBSCC will have a lien on the participant's property in MBSCC's possession. Therefore, MBSCC can utilize the participant's cash or securities subject to the lien to cover the participant's unpaid obligations to MBSCC. As a result, MBSCC is in a better position to protect itself and its participants from a defaulting participant.

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 the requirements of Section 17A of the Act and the rules and regulations thereunder.

³The amendment was technical in nature and therefore did not require republication of the notice.

⁴For example, the rules of the National Securities Clearing Corporation ("NSCC") and the International Securities Clearing Corporation ("ISCC") provide NSCC and ISCC with liens on property placed in their possession by their participants. The language contained in the present proposed rule change is substantially similar to the language contained in NSCC's and ISCC's respective rules. NSCC Rule 18, Section 2(f) and ISCC Rule 18, Section 3.

⁵15 U.S.C. 78q-1(b)(3)(F).

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-MBSCC-96-08) be, and hereby is, approved.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-12826 Filed 5-15-97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38594; File No. SR-MCC-97-01]

Self-Regulatory Organizations; Midwest Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the Return of Sponsored Account Fund Deposits

May 9, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on March 27, 1997, Midwest Clearing Corporation, ("MCC") 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 MCC. The Commission is publishing this notice to solicit comments from interested persons on the proposed rule change.

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 adopt a form of indemnity agreement in accordance with Article XI, Rule 2, Section 11 of MCC's rules.

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

In its filing with the Commission, MCC 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. MCC has prepared summaries, set forth in sections A, B,

⁶17 CFR 200.30-3(a)(12).

¹15 U.S.C. 78s(b)(1).

¹15 U.S.C. 78s(b)(1).

²Securities Exchange Act Release No. 38314 (February 19, 1997), 62 FR 8809.