

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 the submission, all subsequent amendments, all written statements with respect to the filing of the Exchange's policy imposing additional financial requirements upon Exchange members which clear the trades of options market-makers that are filed with the Commission, and all written communications relating to this matter 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 CBOE. All submissions should refer to File No. SR-CBOE-94-53 and should be submitted by June 11, 1997.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-13278 Filed 5-20-97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38636; File No. SR-GSCC-97-02]

Self-Regulatory Organizations; Government Securities Clearing Corporation; Order Approving Proposed Rule Change Relating to Comparison of Transactions Between Insolvent and Solvent Members

May 14, 1997.

On March 11, 1997, the Government Securities Clearing Corporation ("GSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder² to modify GSCC's rules regarding comparison of transactions between insolvent and solvent members. Notice of the

proposed rule change together with the substance of the proposal was published in the **Federal Register**.³ No comment letters were received. The Commission is approving the proposed rule change.

I. Background

Under the ordinary application of its rules, a transaction is not eligible for netting and guaranteed settlement by GSCC until and unless it is compared. Except for purchases made through the U.S. government's auction of Treasury securities, GSCC's rules provide that a comparison can only be generated upon the matching of data provided by two members. GSCC believes that this poses a potential problem from a risk management perspective in a situation where a netting member becomes insolvent and does not submit trades entered into prior to its insolvency. Pursuant to this proposed rule change, GSCC is able to issue a comparison of a transaction based solely on data submitted by one solvent netting member, which may be an interdealer broker, under the following circumstances: (1) The data submitted by the solvent member indicates that the counterparty to the transaction is either an insolvent member or an executing firm that uses the insolvent member as its submitting member; (2) the solvent member has submitted in a timely manner all of its activity with the insolvent member or executing firm; (3) if GSCC had announced to its members that it would cease to act for the insolvent member as of a specified date and time and thus not accept any further trades submitted against such member, the transaction was executed before such specified date and time; (4) the transaction is not an "off-the-market" transaction as defined in GSCC's rules;⁴ and (5) GSCC has made a determination that the transaction was entered into by the solvent member or by an executing firm that uses the solvent member as its submitting member in good faith and not primarily in order to take advantage of the insolvent member's financial condition.

II. Discussion

Section 17A(b)(3)(F) of the Act⁵ requires that the rules of a clearing agency be designed to promote the prompt and accurate clearance and

³ Securities Exchange Act Release No. 38472 (April 2, 1997), 62 FR 17259.

⁴ GSCC has filed a proposed rule change (File No. SR-GSCC-97-01) that will add a definition of "off-the-market" transactions to its rules. Essentially, an off-the-market transaction is a trade that has a price that differs significantly from the prevailing market price. Securities Exchange Act Release No. 38601 (May 9, 1997).

⁵ 15 U.S.C. 78q-1(b)(3)(F).

settlement of securities transactions and, in general, to protect investors and the public interest. The Commission believes the proposed rule change is consistent with these requirements because the proposal will provide GSCC with the authority to compare and net a trade where only one side has submitted the trade in an insolvency situation. By allowing such trades to enter GSCC's comparison and netting systems, the proposal extends the benefits of GSCC's risk management system to solvent members that entered into trades with the insolvent member in good faith and thereby helps to protect investors. Furthermore, by allowing more trades to be settled through GSCC's clearance system instead of ex-clearing, the proposal promotes the prompt and accurate clearance and settlement of securities transactions.

III. Conclusion

The Commission finds that the proposed rule change is consistent with the requirements of Section 17A(b)(3)(F) of the Act⁶ and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act that the proposed rule change SR-GSCC-97-02 be and hereby is approved.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-13228 Filed 5-20-97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38618; File No. SR-NASD-97-36]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to Redesignation of a Rule Number

May 12, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on May 7, 1997, the National Association of Securities Dealers, Inc. ("NASD" or "Association") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items

⁶ 15 U.S.C. 78q-1(b)(3)(F).

⁷ 17 CFR 200.30-3(a)(12).

⁷ 17 C.F.R. 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

have been prepared by the NASD. The NASD has designated this proposal as one concerned solely with the administration of the organization under § 19(b)(3)(A)(iii) of the Act, which renders the rule effective upon the Commission's receipt of this filing. 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 NASD is proposing to redesignate Rule 4623 that was approved by the SEC in Securities Exchange Act Release No. 38360 (March 4, 1997) with respect to Rule Filing SR-NASD-97-15, titled "Penalty Bids and Syndicate Covering Transactions," as Rule 4624.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Section A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The SEC approved, effective March 4 and 14, 1997, amendments to the NASD rules regarding Corporate Financing, the Nasdaq Stock Market, Inc., and the OTC Bulletin Board that are designed to assist members in complying with SEC Regulation M.¹ The NASD is proposing to change the rule number of Rule 4623, that was approved by the SEC in Securities Exchange Act Release No. 38360 (March 4, 1997) with respect to Rule Filing SR-NASD-97-15, titled "Penalty Bids and Syndicate Covering Transactions," to Rule 4624. Rule 4623 was previously approved by the SEC in connection with SR-NASD-96-43 to designate a rule related to "Electronic Communications Networks" in connection with the Order Execution Rules.²

¹ Securities Exchange Act Release No. 38360 (March 4, 1997); Securities Exchange Act Release No. 38399 (March 14, 1997).

² Securities Exchange Act Release No. 38156 (January 10, 1997).

2. Statutory Basis

The NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(2) of the Act in that the proposed rule change will enforce and facilitate compliance by NASD members with the Securities Exchange Act Rules, in addition to compliance with the rules of the Association.

B. Self-Regulatory Organization's Statement on Burden on Competition

NASD Regulation does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change concerns the administration of the organization in that it renumbers a rule, the rule change becomes effective upon filing pursuant to Section 19(b)(3)(A)(iii) of the Act and Rule 19b-4(e) thereunder. In particular, the Commission believes the rule change makes a technical and clarifying change to an existing NASD rule. Accordingly, it neither significantly affects the protection of investors of the public interest and does not impose any significant burden on competition. At any time within 60 days of the filing of a rule change pursuant to Section 19(b)(3)(A) of the Act, the Commission may summarily abrogate the rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

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Commission and any person, other than those that maybe 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 Room. Copies of such filing will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to the file number in the caption above and should be submitted by June 11, 1997.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.³

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-13227 Filed 5-20-97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38635; File No. SR-NASD-97-22]

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Order Granting Approval to Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval to Amendment No. 1 to Proposed Rule Change To Amend the Damage Ceilings for Claims Under the Standard Arbitration and Simplified Arbitration Procedures

May 14, 1997.

I. Introduction

On March 27, 1997, the National Association of Securities Dealers, Inc. ("NASD" or "Association") submitted to the Securities and Exchange Commission ("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 amend the Code of Arbitration Procedure ("Code") of the NASD to: (1) Raise the ceiling for disputes to be eligible for resolution by a single arbitrator under simplified arbitration procedures from \$10,000 to \$25,000; and (2) raise the ceiling for disputes eligible for resolution by a single arbitrator under standard arbitration procedures from \$30,000 to \$50,000.

Notice of the proposed rule change, together with the substance of the proposal, was published for comment in Securities Exchange Act Release No. 38466 (April 2, 1997), 62 FR 17273 (April 9, 1997). No comments were received on the proposal. The NASD

³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.