

account." Before the end of the day on T+2, either the FAST transfer agent or the UIT sponsor will enter into IVORS the redemption price (if the units are to be redeemed) or the purchase price (if the units are to be sold) plus the accrued dividend per unit. Both redemptions and sales of units through IVORS will be settled on T+3.

IVORS automatically will calculate the settlement value of the redemption or sale and will generate a deliver order ("DO") to move the units versus payment of the settlement value from the redeeming participant's IVORS pending surrender segregation account either to the FAST transfer agent's DTC participant account (in the case of a redemption) or to the UIT sponsor's DTC participant account (in the case of a sale). If the units are being redeemed, IVORS automatically will generate a second DO to remove the units from the FAST transfer agent's DTC participant account. If the units are being sold, the units will remain in the UIT sponsor's DTC account until the UIT sponsor later delivers them to a secondary-market purchaser or redeems them by way of IVORS.

II. Discussion

Section 17A(b)(3)(F) of the Act⁴ 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 DTC's obligations under Section 17A(b)(3)(F) because it should improve efficiency in the processing of UIT transactions by eliminating the certificate processing responsibilities of participants electing to use IVORS and by reducing the movement of physical securities certificates. This in turn should reduce the instances of erroneous processing and loss that sometimes occur with the movement of physical securities certificates.

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.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-DTC-97-12) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39849; File No. SR-MBSCC-97-09]

Self-Regulatory Organizations; MBS Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Fees and Charges

April 10, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on November 5, 1997, MBS Clearing Corporation ("MBSCC") filed with the Securities and Exchange Commission ("Commission") and on November 13, 1997, and February 27, 1998, amended 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 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 proposed rule change revises MBSCC's fee schedule to add fees for the late payment of participant's payment obligations.

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.²

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

MBSCC's rules and procedures require participants to satisfy all payment obligations by 12:00 p.m. Eastern Standard Time ("EST") on the day that they are due.³ This noon deadline provides MBSCC with sufficient time to use such funds to pay participants in a credit position or to liquidate a participant's collateral to cover a default so that funds are available to pay such participant's obligations.

Currently, participants that fail to satisfy a payment obligation by the noon deadline are subject to a \$50.00 charge. Although the majority of payment obligations due to MBSCC are paid on the day on which they are due, many are paid after the noon deadline. Failure by a participant to timely satisfy its payment obligations could jeopardize MBSCC's ability to fulfill its obligations to participants with a credit position.

The purpose of the proposed rule change is to revise fees for late payment of obligations by adding a late payment fee schedule. The purpose of these new fees is to both motivate participants to pay their obligations prior to the noon deadline and to compensate MBSCC for the costs associated with monitoring such late payments. The late payment fee schedule is based both on the size of the cash obligation payment that is not timely made and the frequency of such participant's late payments over a rolling ninety day period. MBSCC's late payment fine schedule is set forth below.

Payable cash obligation	First occurrence	Second occurrence	Third occurrence	Fourth occurrence
\$50.00.00-100,000.00	\$50.00	\$100.00	\$250.00	\$500.00
100,000.01-1,000,000.00	100.00	200.00	500.00	1,000.00
1,000,000.01-1,500,000.00	200.00	400.00	1,000.00	2,000.00
1,500,000.01-3,000,000.00	500.00	1,000.00	2,500.00	5,000.00
3,000,000.01-5,000,000.00	1,000.00	2,000.00	5,000.00	10,000.00

⁴ 15 U.S.C. 78q-1(b)(3)(F).

⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² The Commission has modified the text of the summaries prepared by MBSCC.

³ These payment obligations result from settlement balance order market differential obligations, cash adjustment obligations, broker commissions, miscellaneous cash obligations, and MBSCC clearing and electronic pool notification bills.

Calculation of charges for late payment obligations in excess of \$5,000,000 will be based on the ratio of the actual late obligation (rounded to the next highest million) to \$5,000,000, multiplied by the late fee for obligations of \$5,000,000.

Participants failing to timely satisfy payment obligations on more than four occasions within a rolling ninety day period will be subject to additional late fees for each occurrence. This amount will be determined at MBSCC's discretion depending on the magnitude and history of the participant's late payments, but any additional late fees can be no more than twice the fourth occurrence fee. MBSCC also reserves the discretion to waive or reduce late fees when a particular occurrence is not deemed to be the participant's fault or the participant has provided MBSCC with evidence that it is taking appropriate corrective action to prevent recurrence.

Late fees will accrue on the date on which a late payment is made, and participants will receive a letter notifying them of the late fee. The late fee will be reflected on the participant's bill for the month during which such fee was incurred and is payable at such time.

MBSCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act⁴ and the rules and regulations thereunder because it provides for the equitable allocation of dues, fees, and other charges among MBSCC's participants.

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

MBSCC does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

No comments on the proposed rule change were solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii)⁵ of the Act and pursuant to Rule 19b-4(e)(2)⁶ promulgated thereunder because the proposal

establishes or changes a due, fee, or other charge imposed by MBSCC. At any time within sixty days of the filing of such rule change, the Commission may summarily abrogate such 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

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 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 also will be available for inspection and copying at the principal office of MBSCC. All submissions should refer to File No. SR-MBSCC-97-09 and should be submitted by May 11, 1998.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39857; File No. SR-NASD-97-20]

Self-Regulatory Organizations; Order Approving Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval to Amendment No. 1 to the Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to the Elimination of the Prohibitions Against NASD Members Accepting Stop Orders and Stop Limit Orders in Exchange-Listed Securities

April 14, 1998.

I. Introduction

On March 10, 1997, the National Association of Securities Dealers, Inc. ("NASD" or "Association") 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 proposal to amend paragraph (i) of NASD Rule 6440, "Trading Practices," to (1) allow members to accept stop orders³ in eligible securities;⁴ and (2) eliminate the requirement that the stop price equal the limit price in order for a member to accept a stop limit order⁵ in an eligible security.

Notice of the proposed rule change was published for comment and appeared in the **Federal Register** on March 28, 1997.⁶ No comment letters were received on the proposal. On April 1, 1997, the NASD filed Amendment No. 1 to the proposed rule change.⁷ In

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ A buy stop order is an order to buy which becomes a market order when a transaction takes place at or above the stop price. Conversely, a sell stop order is an order to sell which becomes a market order when a transaction takes place at or below the stop price. See NASD Rule 6440(i)(1).

⁴ Under NASD Rule 6410(d), "eligible securities" means all common stocks, preferred stocks, long-term warrants, and rights entitling the holder to acquire an eligible security, listed or admitted to unlisted trading privileges on the American Stock Exchange ("Amex") or the New York Stock Exchange ("NYSE"), and securities listed on the regional stock exchanges which substantially meet the original listing requirements of the Amex or the NYSE.

⁵ A buy stop limit order is an order to buy that becomes a limit order at the limit price when a transaction occurs at the stop price. Conversely, a sell stop limit order is an order to sell that becomes a limit order at the limit price when a transaction occurs at the stop price.

⁶ See Securities Exchange Act Release No. 38429 (March 21, 1997) 62 FR 14953.

⁷ See Letter from Robert E. Aber, Vice President and General Counsel, NASD, to Katherine England, Assistant Director, National Market System and

Continued

⁴ 15 U.S.C. 78q-1.

⁵ 15 U.S.C. 78s(b)(3)(A)(ii).

⁶ 17 CFR 240.19b-4(e)(2).

⁷ 17 CFR 200.30-3(a)(12).