

rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any persons, 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. 25049. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-CBOE-97-67 and should be submitted by August 26, 1999.

## VI. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>71</sup> that the proposed rule change (SR-CBOE-97-67), as amended, is approved. The approved margin requirements shall become effective the earlier of November 3, 1999 or such date the Exchange represents in writing to the Commission that the Exchange is prepared to fully implement and monitor the approved margin requirements.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>72</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41671; File No. SR-EMCC-99-8]

### Self-Regulatory Organizations; Emerging Markets Clearing Corporation; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Relating to the Extension of Interim Margin and Loss Allocation Procedures

July 29, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on June 21, 1999, the Emerging Markets Clearing Corporation ("EMCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which items have been prepared primarily by EMCC. The

Commission is publishing this notice and order to solicit comments from interested persons and to grant accelerated approval of the proposed rule change.

#### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change will extend EMCC's interim margin and loss allocation procedures until the earlier of (i) September 30, 1999, or (ii) the date on which Daiwa Securities America Inc. ceases to perform clearing functions for interdealer brokers.

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

In its filing with the Commission, EMCC 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. EMCC 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

On July 31, 1998, the Commission temporarily approved EMCC's interim margin and loss allocation procedures ("Addendum G") for a period of one year. Addendum G applies to interdealer brokers and U.S. Firms whose only business with EMCC consists of clearing for interdealer brokers.<sup>3</sup> The only EMCC clearing member affected by Addendum G is Daiwa Securities America Inc. ("Daiwa").

EMCC has been advised that Daiwa intends to cease performing clearing functions for interdealer brokers by the end of September 1999. Because Addendum G expires on July 31, 1999, EMCC is requesting that the Commission extend the temporary approval of addendum G until the earlier of (i) September 30, 1999, (ii) the date on which Daiwa ceases to perform clearing functions for interdealer brokers.

EMCC believes that the proposed rule change is consistent with the

requirements Section 17A of the Act<sup>4</sup> and the rules and regulations thereunder because extension of the temporary approval will avoid any potential disruption of EMCC's clearing services during this limited time period.

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

EMCC does not believe that the proposed rule change will impose any 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. EMCC will notify the Commission of any written comments received by EMCC.

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

Section 17A(b)(3)(F) of the Act<sup>5</sup> requires that the rules of a clearing agency be designed to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. In light of the fact that the Commission has previously found that Addendum G should provide EMCC with margin that is adequate to protect EMCC from financial exposure if an interdealer broker experiences financial difficulty, the Commission finds that the brief extension of the effectiveness of Addendum G is consistent with EMCC's safeguarding obligations under the Act.

EMCC has requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of the filing. The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after publication of notice because such approval will allow the protections of Addendum G to remain in effect without interruption until Daiwa ceases its interdealer clearing operations at EMCC.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange

<sup>71</sup> 15 U.S.C. 78s(b)(2).

<sup>72</sup> 17 CFR 200.30-3(a)(12)

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

<sup>2</sup> The Commission has modified the text of the summaries prepared by EMCC.

<sup>3</sup> For a complete description of Addendum G, refer to Securities Exchange Act Release No. 40288 (July 31, 1998), 63 FR 42087.

<sup>4</sup> 15 U.S.C. 78q-1.

<sup>5</sup> 15 U.S.C. 78q-1(b)(3)(F)

Commission, 450 Fifth Street, NW, Washington, DC 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, NW, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of EMCC. All submissions should refer to File No. SR-EMCC-99-8 and should be submitted by August 26, 1999.

## V. Conclusion

*It is Therefore Ordered*, pursuant to Section 19(b)(2) of the Act,<sup>6</sup> that the proposed rule change (File No. SR-EMCC-99-8) be and hereby is approved until September 30, 1999.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

**Margaret H. McFarland,**  
Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41670; File No. SR-SCCP-99-02]

### Self-Regulatory Organizations; Stock Clearing Corporation of Philadelphia; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Fees

July 29, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on June 25, 1999, Stock Clearing Corporation of Philadelphia ("SCCP") 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 SCCP. The Commission is publishing this notice to solicit comments on the

proposed rule change from interested parties.

### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Under the proposed rule change, SCCP will adopt fees for trade recording of transactions conducted through the Volume Weighted Average Price ("VWAP"<sup>®</sup>)<sup>2</sup> Trading System ("VTS"<sup>™</sup>).<sup>3</sup> SCCP is not proposing to adopt a transaction value charge on VTS transactions.

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

In its filing with the Commission, SCCP 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. SCCP has prepared summaries, set forth in sections (A), (B) and (C) below, of the most significant aspects of these statements.<sup>4</sup>

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

The Commission approved VTS on March 24, 1999.<sup>5</sup> VTS will provide a daily preopening matching session for the execution of large-sized stock orders at the VWAP. Philadelphia Stock Exchange ("Phlx") Rule 237 governs the operation of VTS. During the session, VTS will electronically match orders for execution at the VWAP according to the algorithm developed by UTTC. The matched and executed orders will be assigned a final VWAP after the close of regular trading. VTS will operate as a facility of the Phlx under Section 3(a)(2) of the Act.<sup>6</sup> Specifically, the System will involve some Phlx equipment and personnel, allow floor trader participation, and rely upon SCCP to process system trades. Matches performed during the session will be regulated and reported as Phlx trades.<sup>7</sup>

<sup>2</sup> VWAP is a registered trademark of the Universal Trading Technologies Corporation ("UTTC").

<sup>3</sup> The VTS trademark is the property of UTTC.

<sup>4</sup> The Commission has modified the text of the summaries prepared by SCCP.

<sup>5</sup> Securities Exchange Act Release No. 41210 (March 24, 1999), 64 FR 15857 [SR-Phlx-96-14].

<sup>6</sup> 15 U.S.C. 78c(a)(2).

<sup>7</sup> Matches performed by VTS will be subject to fees established in Phlx's fee schedule. Securities Exchange Act Release No. 41646 (July 23, 1999) [SR-Phlx-99-21].

SCCP will process VTS trades just like any other Phlx equity trade.

SCCP proposes to charge \$0.30 per side for trade confirmation services performed by SCCP. VTS trades are processed for clearing through SCCP just like a Phlx equity floor trade and will be recorded and confirmed like any other trade pursuant to SCCP Rule 6. Therefore, SCCP believes that it is reasonable to charge recording fee of \$.30 per side for the confirmation and recording of trades conducted through VTS. This is the current trade recording fee applicable to Phlx Automated Communication and Execution System ("PACE") trades.<sup>8</sup>

Second, SCCP proposes that it will not charge a transaction value charge (value fee) for trades conducted through VTS in order to encourage the use of VTS for large value transactions. This is also similar to SCCP's fees for PACE trades where no value fee is charged.

For these reasons, SCCP believes that the proposal constitutes a equitable allocation of reasonable dues, fees and other charges, pursuant to Section 17A(b)(3)(D) of the Act.<sup>9</sup>

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

SCCP does not believe that the proposed rule change will impose any inappropriate 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 were either 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)<sup>10</sup> of the Act and Rule 19b-4(f)(2)<sup>11</sup> promulgated thereunder because the proposal establishes or changes a due, fee, or other charge imposed by SCCP. At any time within sixty days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary to 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

<sup>8</sup> See Phlx Rule 229.

<sup>9</sup> 15 U.S.C. 78q-1(b)(3)(D).

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>11</sup> 17 CFR 240.19b-4(f)(2).

<sup>6</sup> 15 U.S.C. 78s(b)(2).

<sup>7</sup> 17 CFR 200.30-3(a)(12).

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