

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45248; File No. SR-GSCC-2001-13]

### Self-Regulatory Organizations; Government Securities Clearing Corporation; Notice of Filing of a Proposed Rule Change Relating to a New Governance Structure

January 7, 2001.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on October 11, 2001, the Government Securities Clearing Corporation ("GSCC") 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 by GSCC. 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 amend GSCC's rules to reflect GSCC's new ownership and governance structure that will result from the integration of GSCC, MBS Clearing Corporation ("MBSCC"), and Emerging Markets Clearing Corporation ("EMCC") with The Depository Trust & Clearing Corporation ("DTCC") whereby GSCC, MBSCC, and EMCC will become operating subsidiaries of DTCC.<sup>2</sup>

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

In its filing with the Commission, GSCC 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. GSCC has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.<sup>3</sup>

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

GSCC proposes to amend its rules to reflect its new ownership and governance structure that will result from the integration of GSCC, MBSCC, and EMCC with DTCC. In order for GSCC to maintain orderly and efficient operations, GSCC will implement a three-tiered governance structure. The first tier will be the Board of Directors of GSCC that will be identical in composition to the Board of Directors of MBSCC, EMCC, DTC, NSCC, and DTCC. GSCC's business will be managed under the direction of the GSCC Board, which will set the basic policy direction for GSCC. The second tier will consist of committees of or established by the DTCC Board, including a Fixed Income Operations and Planning Committee to be established by the DTCC Board, and committees of or established by the GSCC Board, including GSCC/MBSCC Membership and Risk Management Committee to be established by the GSCC Board and the MBSCC Board acting jointly. The third tier will be GSCC management, which will oversee the daily routine operations of GSCC.

The proposed changes to GSCC's rules will reassign various management responsibilities to the GSCC Board, the new committees, or GSCC management in light of the revised management structure summarized above. GSCC believes that these proposed rule changes will permit the GSCC Board, the various DTCC or GSCC committees, or GSCC management to appropriately handle functions so that GSCC may continue to maintain orderly and efficient operations.

GSCC believes that the proposed rule change is consistent with section 17A of the Act and the rules and regulations thereunder because it will ensure that GSCC's operations will continue to be conducted in an efficient and orderly manner once it is integrated into the DTCC organization.

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

GSCC does not believe that the proposed rule change will have an impact or impose a burden on competition. GSCC notes that it, as well as each of the other operating subsidiaries, is a utility created to serve members of the securities industry by providing certain complementary services that are ancillary to the businesses in which industry members compete with one another.

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

Written comments relating to the proposed rule change have not yet been solicited or received. GSCC members will be notified of the rule change filing and comments will be solicited by an Important Notice. GSCC will notify the Commission of any written comments it receives.

#### 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 reasons 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 proceedings to determine whether the proposed rule change should be disapproved.

#### 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, U.S. Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. 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 Room in Washington, DC. Copies of such filing will also be available for inspection and copying at GSCC's principal office. All submissions should refer to File No. SR-GSCC-2001-13 and should be submitted by January 30, 2002.

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

<sup>2</sup> For explanations of the mechanics of these integration plans, refer to Securities Exchange Act Release Nos. 44989 (Oct. 25, 2001), 66 FR 55220 (Nov. 1, 2001); 44988 (Oct. 25, 2001), 66 FR 55222 (Nov. 1, 2001); and 44987 (Oct. 25, 2001), 66 FR 55218 (Nov. 1, 2001). The Depository Trust Company ("DTC") and National Securities Clearing Corporation ("NSCC") are currently operating subsidiaries of DTCC.

<sup>3</sup> The Commission has modified the text of the summaries prepared by GSCC.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45247; File No. SR-MBSCC-2001-05]

### Self-Regulatory Organizations; MBS Clearing Corporation; Notice of Filing of a Proposed Rule Change Relating to a New Governance Structure

January 7, 2002.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on October 11, 2001, the MBS Securities 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 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 amend MBSCC's rules to reflect MBSCC's new ownership and governance structure that will result from the integration of MBSCC, Government Securities Clearing Corporation ("GSCC"), and Emerging Markets Clearing Corporation ("EMCC") with The Depository Trust & Clearing Corporation ("DTCC") whereby MBSCC, GSCC, and EMCC will become operating subsidiaries of DTCC.<sup>2</sup>

#### 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>3</sup>

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

MBSCC proposes to amend its rules to reflect its new ownership and governance structure that will result from the integration of MBSCC, GSCC, and EMCC with DTCC. In order for MBSCC to maintain orderly and efficient operations, MBSCC will implement a three-tiered governance structure. The first tier will be the Board of Directors of MBSCC that will be identical in composition to the Board of Directors of GSCC, EMCC, DTC, NSCC, and DTCC. MBSCC's business will be managed under the direction of the MBSCC Board, which will set the basic policy direction for MBSCC. The second tier will consist of committees of or established by the DTCC Board, including a Fixed Income Operations and Planning Committee to be established by the DTCC Board, and committees of or established by the MBSCC Board, including a MBSCC/GSCC Membership and Risk Management Committee to be established by the MBSCC Board and the GSCC Board acting jointly. The third tier will be MBSCC management, which will oversee the daily routine operations of MBSCC.

The proposed changes to MBSCC's rules will reassign various management responsibilities to the MBSCC Board, the new committees, or MBSCC management in light of the revised management structure summarized above. MBSCC believes that these proposed rule changes will permit the MBSCC Board, the various DTCC or MBSCC committees, or MBSCC management to appropriately handle functions so that MBSCC may continue to maintain orderly and efficient operations.

MBSCC believes that the proposed rule change is consistent with section 17A of the Act and the rules and regulations thereunder because it will ensure that MBSCC's operations will continue to be conducted in an efficient orderly manner once it is integrated into the DTCC organization.

<sup>3</sup> The Commission has modified the text of the summaries prepared by MBSCC.

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

MBSCC does not believe that the proposed rule change will have an impact or impose a burden on competition. MBSCC notes that it, as well as each of the other operating subsidiaries, is a utility created to serve members of the securities industry by providing certain complementary services that are ancillary to the business in which industry members compete with one another.

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

Written comments relating to the proposed rule change have not yet been solicited or received. MBSCC will notify the Commission of any written comments it receives.

#### 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 reasons 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 proceedings to determine whether the proposed rule change should be disapproved.

#### 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, U.S. Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. 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 Room in Washington, DC. Copies of such filing will also be available for

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

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

<sup>2</sup> For explanations of the mechanics of these integration plans, refer to Securities Exchange Act Release Nos. 44989 (Oct. 25, 2001), 66 FR 55220 (Nov. 1, 2001); 44988 (Oct. 25, 2001), 66 FR 55222 (Nov. 1, 2001); and 44987 (Oct. 25, 2001), 66 FR 55218 (Nov. 1, 2001). The Depository Trust Company ("DTC") and National Securities Clearing Corporation ("NSCC") are currently operating subsidiaries of DTCC.