

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

The proposed rule change revises NSCC's rules to modify the definition of "Clearing Agency Cross-Guaranty Agreement".

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

In its filing with the Commission, NSCC 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. NSCC 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

In 1993, the Commission approved a proposed rule change filed by NSCC to establish a Netting Contract and Limited Cross-Guaranty Agreement between it and The Depository Trust Company ("DTC").³ In connection with the implementation of the NSCC-DTC Agreement, a definition of a "Clearing Agency Cross-Guaranty Agreement" was added to NSCC's rules. The definition was limited to registered clearing agencies because NSCC and DTC believed that only registered clearing agencies would enter into such arrangements.

In 1995, the Commission approved a proposed rule change filed by NSCC to establish the Collateral Management Service ("CMS").⁴ In order to provide their participants with a more accurate and broader picture of the aggregate amount of their clearing fund deposits and collateral, NSCC and other participating clearing entities recognized that other types of clearing entities should be included in the CMS. This broad category of participating entities is reflected in Rule 53 (CMS Rule) of NSCC's rules which includes clearing organizations affiliated with or

designated by contract markets trading specific futures products under the oversight of the Commodity Futures Trading Commission. NSCC believes the rationale of providing a broad range of clearing entities in the scope of the CMS should be similarly applied to NSCC's ability to enter into limited cross-guaranty agreements.⁵ Therefore, the purpose of the proposed rule change is to modify the definition of "Clearing Agency Cross-Guaranty Agreement" to permit NSCC to enter into limited cross guaranty agreements with the same broad category of clearing entities as provided in the CMS.

NSCC believes the proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder because it makes technical modifications to rules so that they coincide with intended practice.

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

NSCC does not believe that the proposed rule change will impact or impose a 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 have been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

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 DTC 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.

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 NSCC. All submissions should refer to File No. SR-NSCC-96-20 and should be submitted by March 28, 1997.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-5671 Filed 3-6-97; 8:45 am]

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[Release No. 34-38352; File No. SR-NSCC-97-01]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of a Proposed Rule Change To Eliminate NSCC's Securities Transfer Service

February 28, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on January 22, 1997, the National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-NSCC-97-01) as described in Items I, II, and III below, which items have been prepared primarily by NSCC. 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 purpose of the proposed rule change is to permit NSCC to eliminate its Securities Transfer Service ("STS").

⁶ 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 NSCC.

³ Securities Exchange Act Release No. 33145 (November 3, 1993), 58 FR 59766 [File No. SR-NSCC-93-07] (order approving proposed rule change relating to a netting contract and limited cross guaranty agreement ("NSCC-DTC Agreement")).

⁴ Securities Exchange Act Release No. 35809 (June 5, 1995), 60 FR 30912 [File No. SR-NSCC-93-06] (order approving proposed rule change establishing CMS).

⁵ The rules of the International Securities Clearing Corporation (Rule 1—Definition of "Limited Cross-Guaranty Agreement"), the MBS Clearing Corporation (Rule 1—Definition of "Limited Cross-Guaranty Agreement"), and the Government Securities Clearing Corporation (Rule 1—Definition of "Limited Cross-Guaranty Agreement") permit entering into cross-guaranty agreements with futures clearing entities.

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

In its filing with the Commission, NSCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments that it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. NSCC 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

The purpose of the proposed rule change is to permit NSCC to eliminate its STS.³ NSCC Rule 42, which established STS, will be deleted. STS was originally developed by NSCC in 1976 to provide assistance with the manual processing of items that were ineligible at The Depository Trust Company ("DTC"). It was established as an optional service to be used by full settling participants for the high volume transfer of DTC ineligible items and for the high volume transfer and reregistration of physical securities through various transfer agencies. STS was also designed to deliver book closing items, legal transfers, and accommodation transfers. Once STS is eliminated, participants will process items directly through the appropriate transfer agent.

The STS process is primarily manual. STS participants first physically send envelopes containing securities certificates to an NSCC office. Pursuant to the participant's transfer instructions, the envelopes are next forwarded by NSCC to the offices of the indicated transfer agents, which are located throughout the United States and Canada. Upon completion of the reregistration, the transfer agents return the certificates to NSCC's office for pick up.

A review of STS' volume during the 1980s shows that STS processed approximately 670 securities certificates per day. As a high volume service, STS was able to take advantage of economies of scale for the broker-dealer community. However, after 1987 volume fell dramatically because DTC began increasing the number of DTC

eligible securities and because the Group of 30 initiatives caused the brokerage industry to move towards a book-entry registration environment which decreased the movement of physical securities.⁴ By 1994, STS' volume fell 82% to 120 securities certificates processed per day. The downward trend continues today. STS processed just over twenty-five items per day in October 1996 or about an 80% decrease from its 1994 volume and a 96% decrease from its 1980s volume.

NSCC expects to eliminate STS thirty business days after notification to participants that this proposed rule change is approved by the Commission. NSCC believes the proposed rule change is consistent with the requirements of Section 17A of the Act⁵ and the rules and regulations thereunder because the rule proposal will facilitate the prompt and accurate clearance and settlement of securities transactions.

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

NSCC does not believe that the proposed rule change will have an impact on or impose a 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 have been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

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 NSCC 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. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange 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 Room, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of NSCC. All submissions should refer to the file number SR-NSCC-97-01 and should be submitted by March 28, 1997.

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

Margaret H. McFarland,
Deputy Secretary.

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SMALL BUSINESS ADMINISTRATION

[License No. 06/06-0288]

Wesbanc Ventures, Ltd; Notice of License Surrender

Notice is hereby given that Wesbanc Ventures, Ltd. ("WBV"), 6411 Rutgers Street, Houston, Texas 77005, has surrendered its license to operate as a small business investment company under the Small Business Investment Act of 1958, as amended ("the Act"). WBV was licensed by the Small Business Administration on May 28, 1985.

Under the authority vested by the Act and pursuant to the regulations promulgated thereunder, the surrender of the license was accepted on December 12, 1996, and accordingly, all rights, privileges, and franchises derived therefrom have been terminated.

(Catalog of Federal Domestic Assistance Program No. 59.011, Small Business Investment Companies.)

² The Commission has modified the text of the summaries submitted by NSCC.

³ STS is commonly referred to as the National Transfer Service.

⁴ The Group of Thirty, established in 1978, is an independent, non partisan organization composed of international financial leaders whose focus is on international economic and financial issues. In March 1989, the Group of Thirty issued a report containing nine recommendations to improve clearance and settlement systems.

⁵ 15 U.S.C. 78q-1.

⁶ 17 CFR 200.20-3(a)(12).