

Office of Personnel Management.

James B. King,

Director.

[FR Doc. 97-8724 Filed 4-4-97; 8:45 am]

BILLING CODE 6301-01-M

OFFICE OF PERSONNEL MANAGEMENT

National Partnership Council Meeting

AGENCY: Office of Personnel Management.

ACTION: Notice of meeting.

TIME AND DATE: 9:30 a.m., April 9, 1997.

PLACE: CAMI Auditorium, Mike Monroney Aeronautical Center, Federal Aviation Administration, 6500 South MacArthur Boulevard, Oklahoma City, Oklahoma 73169.

STATUS: This meeting will be open to the public. Seating will be available on a first-come, first-served basis. Individuals with special access needs wishing to attend should contact OPM at the number shown below to obtain appropriate accommodations.

MATTERS TO BE CONSIDERED: The National Partnership Council (NPC) will receive a presentation on the Federal Aviation Administration's (FAA) Mike Monroney Aeronautical Center Partnership, and a presentation on partnership responses to crisis.

CONTACT PERSON FOR MORE INFORMATION: Michael Cushing, Director, Center for Partnership and Labor-Management Relations, Office of Personnel Management, Theodore Roosevelt Building, 1900 E Street, NW., Room 7H28, Washington, DC 20415-0001, (202) 606-0010.

SUPPLEMENTARY INFORMATION: We invite interested persons and organizations to submit written comments. Mail or deliver your comments to Michael Cushing at the address shown above. To be considered at the April 9 meeting, written comments should be received by April 4.

Office of Personnel Management

James B. King,

Director.

[FR Doc. 97-8718 Filed 4-4-97; 8:45 am]

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POSTAL RATE COMMISSION

[Order No. 1167; Docket No. A97-16]

North Shapleigh, Maine 04060 (Harold W. Clark, Petitioner); Notice and Order Accepting Appeal and Establishing Procedural Schedule Under 39 U.S.C. § 404(b)(5)

Issued April 1, 1997.

Docket Number: A97-16

Name of Affected Post Office: North Shapleigh, Maine 04060

Name(s) of Petitioner(s): Harold W. Clark

Type of Determination: Closing

Date of Filing of Appeal Papers: March 27, 1997

Categories of Issues Apparently Raised:

1. Effect on the community [39 U.S.C. § 404(b)(2)(A)].
2. Effect on postal services [39 U.S.C. § 404(b)(2)(C)].

After the Postal Service files the administrative record and the Commission reviews it, the Commission may find that there are more legal issues than those set forth above. Or, the Commission may find that the Postal Service's determination disposes of one or more of those issues.

The Postal Reorganization Act requires that the Commission issue its decision within 120 days from the date this appeal was filed (39 U.S.C. § 404(b)(5)). In the interest of expedition, in light of the 120-day decision schedule, the Commission may request the Postal Service to submit memoranda of law on any appropriate issue. If requested, such memoranda will be due 20 days from the issuance of the request and the Postal Service shall serve a copy of its memoranda on the petitioners. The Postal Service may incorporate by reference in its briefs or motions, any arguments presented in memoranda it previously filed in this docket. If necessary, the Commission also may ask petitioners or the Postal Service for more information.

The Commission Orders

(a) The Postal Service shall file the record in this appeal by April 11, 1997.

(b) The Secretary of the Postal Rate Commission shall publish this Notice and Order and Procedural Schedule in the **Federal Register**.

By the Commission.

Margaret P. Crenshaw,
Secretary.

Appendix

March 27, 1997: Filing of Appeal letter
April 1, 1997: Commission Notice and Order
of Filing of Appeal

April 21, 1997: Last day of filing of petitions
to intervene [see 39 CFR § 3001.111(b)]

May 1, 1997: Petitioner's Participant
Statement or Initial Brief [see 39 CFR
§ 3001.115 (a) and (b)]

May 21, 1997: Postal Service's Answering
Brief [see 39 CFR § 3001.115(c)]

June 5, 1997: Petitioner's Reply Brief should
Petitioner choose to file one [see 39 CFR
§ 3001.115(d)]

June 12, 1997: Deadline for motions by any
party requesting oral argument. The
Commission will schedule oral argument
only when it is a necessary addition to
the written filings [see 39 CFR
§ 3001.116]

July 25, 1997: Expiration of the Commission's
120-day decisional schedule [see 39
U.S.C. § 404(b)(5)]

[FR Doc. 97-8713 Filed 4-4-97; 8:45 am]

BILLING CODE 7710-FW-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38445; File No. SR-CHX-96-30]

Self-Regulatory Organizations; Chicago Stock Exchange, Incorporated; Order Granting Approval to Proposed Rule Change Relating to Standards for Approved Lessors of Exchange Memberships

March 26, 1997.

I. Introduction

On November 12, 1996, the Chicago Stock Exchange, Inc. ("CHX" or "Exchange") 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 proposed rule change to create standards for approved lessors of exchange memberships.

The proposed rule change was published for comment in the **Federal Register** on January 9, 1997.³ No comments were received on the proposal. This order approves the proposal.

The purpose of the proposed rule change is to create a new form of membership known as an "Approved Lessor." An Approved Lessor will be an individual or entity that desires to purchase a membership in the CHX for the sole purpose of providing a financing mechanism for another person or entity that desires to become a member organization ("lessee"). A lessor that registers with and is

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 38114 (January 3, 1997), 62 FR 1348 (January 9, 1997).

approved by the CHX will be an Approved Lessor.⁴

When an Approved Lessor has entered into this financing relationship (or lease) with a lessee, the Approved Lessor will not be considered a "member" or "member organization" of the CHX for purposes of the Act, or for purposes of the CHX's Certificate of Incorporation, Constitution and Rules except that an Approved Lessor will have the right to vote on proposals to liquidate or dissolve the Exchange and shall possess liquidation rights, as set forth in Article IX, Sec. 2 of the Constitution, upon such dissolution. In addition, an Approved Lessor shall be subject to the Exchange's member arbitration rules. Among other things, this means that an Approved Lessor will be inactive with respect to CHX activities. For example, Approved Lessors will not be permitted to vote (except as stated above) or trade on the CHX as a member or have any access to the CHX trading floor unless an Approved Lessor is also a "member" (i.e., is a registered broker-dealer and has been approved by the Exchange as a "member" or "member organization") pursuant to another membership.

A lessee will be deemed a "member" or "member organization," and, as a result, a lessee must satisfy all the requirements to become a member or member organization currently set forth in CHX Certificate of Incorporation, constitution, Rules and the federal securities laws. A lessee will not, however, be entitled to vote on a proposal to dissolve or liquidate the Exchange and will not have any liquidation rights.

Because Approved Lessors will not be "members" of the CHX, they will not be required to be registered as broker-dealers. However, to prevent inappropriate persons or entities from having indirect dealings on the CHX, Approved Lessors will be required to submit information to the CHX on Form BD and/or Form U-4. The CHX will be permitted to disapprove registration as an Approved Lessor if the Lessor is the subject of the statutory disqualification or fails to meet other pre-requisites set forth in the rule. For example, a lessor may be denied registration as an Approved Lessor if, among other things, it or its employees or control persons are the subject of or a party to a disciplinary proceeding, are or have

been, suspended, barred or expelled by a regulatory entity (including a self-regulatory organization) described in the rule, have been convicted of certain criminal offenses set forth in the rule, or have not paid dues, fines, charges or other debts to a regulatory entity.

In addition, an Approved Lessor will be required to enter into a financing arrangement (or lease) with a lessee within sixty days (this time period may be extended upon request of an Approved Lessor for good cause shown) after becoming approved as an Approved Lessor or the termination of an earlier financing arrangement (or lease). If a financial arrangement (or lease) is not entered into, the Approved Lessor will be required to promptly dispose of the membership. If not promptly disposed of, the CHX will be permitted to sell the membership on the Approved Lessor's behalf. This provision will prevent Approved Lessors from acquiring one or more memberships purely to speculate on the price of the membership and will ensure that memberships do not sit idle.

Until an Approved Lessor enters into a financing arrangement (or lease) with a lessee, or, after such financing arrangement (or lease) has been terminated and the seat transferred to the Approved Lessor, the Approved Lessor will still not be a "member" for purposes of the federal securities laws or the Exchange's Certificate of Incorporation, Constitution and Rules (except with respect to voting on dissolution, rights to net proceeds on dissolution, and the Exchange's member arbitration rules). During this time, the membership shall be viewed as inactive, but the dues shall continue to accrue and will be the objection of the Approved Lessor.

Current CHX rules protect the CHX and other CHX members by providing that the proceeds received in the transfer of a membership are first to be applied to satisfy the debts owed by the transferor member to the Exchange or certain other persons. However, because Approved Lessors are not "members" of the Exchange, the Exchange will require Approved Lessors, and their lessees, to enter into a standard subordination and sale agreement with the CHX that provides that the CHX is authorized to sell the membership under certain circumstances when obligations are owed to the CHX or certain other creditors by the lessee and whereby the Approved Lessor agrees to be bound by CHX rules relating to Approved Lessors, among other things.

The proposed rule change also makes technical, non-substantive changes to improve the clarity of Article I, Rule 17.

The proposed rule change sets forth specific provisions that the CHX will require in any financing agreement or lease. The CHX will require that these agreements be filed with, and approved by, the CHX. Additionally, the transfer of the title to the membership to a lessee will be posted in the same manner as all other transfers of memberships.

Furthermore, the proposed rule change prohibits members and Approved Lessors from owning or controlling 10% or more of the outstanding memberships on the Exchange.

Finally, the proposed rule change amends Article XIV, Rule 2, relating to the imposition of transaction fees to reflect present practice. The rule currently provides that the rate of these fees shall be fixed before the close of each fiscal year. The proposed rule provides that they are fixed from time to time.

III. Discussion

As discussed above, the proposal creates a new Approved Lessor membership category on the CHX. This new category will permit entities who are not registered broker-dealers to purchase a CHX membership for the purpose of leasing that seat to a qualified CHX member.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b).⁵ In particular, the Commission believes the proposal is consistent with the Section 6(b)(5)⁶ requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, and, in general, to protect investors and the public interest. The Commission also believes that the proposal is consistent with the Section 6(b)(7)⁷ requirements that the rules of an exchange provide a fair procedure for the disciplining of members, the denial of membership to any person seeking membership therein, and the prohibition or limitation by an exchange of a person's access to services offered by the exchange. Finally, the Commission believes that the proposal is consistent with the Section 6(b)(8)⁸ requirement that the rules of an exchange not impose any burden on competition not necessary or

⁴ Article I, Rule 6 of the CHX Rules has been amended, reducing the Executive Committee vote required to approve a membership or approved lessor application from a 2/3 majority to a simple majority. Securities Exchange Act Release No. 38187 (January 21, 1997), 62 FR 4367 (January 29, 1997) (order approving File No. CHX 96-29).

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

⁷ 15 U.S.C. 78f(b)(7).

⁸ 15 U.S.C. 78f(b)(8).

appropriate in furtherance of the purposes of the Act.

Section 6(b)(5) requires the rules of an exchange to be designed to remove impediments and to perfect the mechanism of a free and open market. This proposal seeks to remove those barriers to exchange membership imposed by both the cost of an equity interest on the Exchange and the current availability of seats for purchase. The proposal further removes impediments to the mechanism of a free and open market by providing members with more alternatives in how they will structure their membership affiliations. Further, Section 6(b)(8) states that the rules of an exchange may not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The CHX proposal would remove a burden on competition in that broker-dealers who are unable to purchase a seat on the CHX may enter into a leasing agreement and thus enhance their ability to compete with other CHX broker-dealers.

The Commission also believes that the proposed rule change is consistent with previous no action positions taken by the Commission construing the requirements of Section 6(c)(1) (A) and (B) of the Act and the definition of "member" under Section 3(a)(3)(A) of the Act.⁹ We have interpreted those provisions to allow an exchange to permit a natural person to own an exchange membership, under circumstances like those required under the proposed CHX rule change, where that person has either inherited the membership or purchased it solely for the purpose of leasing that membership, where that person is not an associated person of the lessee, and where that person is not and has not been engaged in securities activities for which broker-dealer registration is required.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁰ that the proposed rule change (SR-CHX-96-30) is approved.

For the Commission, by the Division of Market Regulation, Pursuant to delegated authority.¹¹

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-8793 Filed 4-4-97; 8:45 am]

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⁹ See letter from Jeffrey L. Steel, Special Counsel, Division of Market Regulation, SEC to Arne R. Rode, Associate General Counsel, Chicago Board Options Exchange, dated January 2, 1980.

¹⁰ 15 U.S.C. 78s(b)(2).

¹¹ 15 CFR 200.30-3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38461; File No. SR-MBSCC-97-03]

Self-Regulatory Organizations; MBS Clearing Corporation; Notice of Filing of a Proposed Rule Change Relating to the Establishment of the Comparison Only System

April 1, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on February 18, 1997, the MBS Clearing Corporation ("MBSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-MBSCC-97-03) 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 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 modifies MBSCC's rules to establish the Comparison Only System ("COS") and to create a new category of participant, a "limited purpose participant", eligible to use this system.

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

The purpose of the proposed rule change is to modify MBSCC's rules to establish the COS and to create a new category of participant, a limited purpose participant, eligible to use this system.

As a result of interest expressed by the Federal National Mortgage

Association and other organizations, the proposed COS, which will be a limited system for principals to compare trade data, was developed by MBSCC. The mortgage-backed securities marketplace has unique characteristics that affect how trades are compared and how industry participants communicate with each other. For example, the average time between a mortgage-backed securities trade and settlement date is much longer than that in the government bond and equity markets, forty-five to ninety days compared to one and three days, respectively. The objective of MBSCC's proposed system is to improve market communications for the comparison of trade data by providing qualified entities with an automated alternative to manually initiating verbal confirmations and then exchanging hardcopy trade confirmations and/or contract letters.

Under current MBSCC rules, MBSCC processes securities through the Comparison and Clearing System ("CCS") for qualified participants. CCS provides a centralized process to compare and confirm trades electronically, risk management services to continually assess the current value of each underlying trade and to ensure that all participants meet their margin requirements, and a netting facility that provides a multilateral netting service which creates netted receive and deliver obligations.

The proposed COS is a more limited system than the CCS in that it will only provide a centralized process to compare and confirm trades electronically. COS will be a system restricted to those that trade in a principal capacity where specified trade data must exactly and promptly compare between like contra-sides. Because the COS is limited to comparison, participants will not be required to put up margin or meet specific net worth financial requirements.

COS will require a limited purpose participant to submit financial information to demonstrate its financial ability to meet its cash balance debit obligations to MBSCC, which are limited to the fees for using the COS and any late fees imposed. It is expected that these fees will be significantly lower than those imposed on participants in the CCS; therefore, no basic deposit fee will be required of COS participants. MBSCC will bill the limited purpose participant on a monthly basis. The bill will be payable to MBSCC via the federal funds wire.

Each limited purpose participant will be required to maintain specified data processing and communications

¹ 15 U.S.C. 78s(b)(1).

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