

contained in the SCG data base but will also provide members with enhanced features and capabilities. For example, the SCG data base contains aggregate information on clearing fund and margin deposits including excess and deficit amounts whereas the CMS contains both aggregate information on clearing fund and margin deposits including excess and deficit amounts as well as detailed information on the underlying collateral comprising clearing fund and margin deposits (*i.e.*, cash, securities, and letters of credit). The SCG members recognize that termination of the SCG data base is desirable at this point to avoid redundancies with the CMS.

Second, termination of the SCG data base will eliminate the occurrence of a significant increase in costs that would be required to maintain the SCG data base because the data base on which it is built is no longer supported by the original vendor. As a result, SCG members would be required to enter into a new and more costly contract with a new vendor. Third, because the CMS contains more detailed information and more features than the SCG data base, use of the CMS in place of the SCG data base should enable the SCG members to better coordinate and share information and to monitor clearing fund and margin deposits with respect to common participants.

Accordingly, the SCG members have executed Amendment No. 6 to the SCG Agreement.⁵ The Amendment: (i) authorizes the termination of the SCG data base, (ii) authorizes NSCC to use all data information, computer coding, and programs contained in the SCG data base in establishing and maintaining the operation of CMS, and (iii) grants to each SCG Member a nonexclusive and nontransferable license to use NSCC's CMS.

II. Discussion

Section 17A(b)(3)(F) provides that the rules of a clearing agency must be designed to assure the safeguarding of securities and funds in the custody or control of the clearing agency or for which it is responsible and to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions.⁶ The Commission believes that the proposed rule change is consistent with the Act because the amendment to the SCG Agreement provides for each SCG member to have access to the CMS, and

the Commission believes the CMS and the data contained in it should assist SCG members in assuring the safeguarding of securities and funds in their custody or control. The Commission also believes the termination of the SCG data base in conjunction with NSCC's grant to each SCG member of a nonexclusive and nontransferable license to use the CMS, should foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular 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-NSCC-96-19) be, and hereby is, approved.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-4235 Filed 2-20-97; 8:45 am]

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[Release No. 34-38284; File No. SR-OCC-96-15]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of a Proposed Rule Change Relating to Revisions to the Standards for Letters of Credit Deposited as Margin

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on November 4, 1996, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-OCC-96-15) as described in Items I, II, and III below, which items have been prepared primarily by OCC. 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 request the Commission's permanent approval for OCC's

modifications to its standards for letters of credit deposited with OCC as a form of margin.²

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

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

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

In previous filings, OCC has proposed and the Commission has approved on a temporary basis OCC's modifications to its rules governing letters of credit deposited with OCC as a form of margin.⁴ This filing proposes to make permanent the Commission's temporary approval of OCC's modifications to its Rule 604, which sets forth the standards for letters of credit deposited with OCC as a form of margin.

The modifications for which OCC has temporary approval are as follows. First, in order to conform to the Uniform Commercial Code and to avoid any

² For a complete description of these modifications to the standards for letters of credit, refer to Securities Exchange Act Release No. 29641 (August 30, 1991), 56 FR 46027 [File No. SR-OCC-91-13] (order temporarily approving proposed rule change through February 28, 1992).

³ The Commission has modified the text of the summaries prepared by OCC.

⁴ Securities Exchange Act Release Nos. 29641 (August 30, 1991), 56 FR 46027 [File No. SR-OCC-91-13] (order temporarily approving proposed rule change through February 28, 1992); 30424 (February 28, 1992), 57 FR 8106 [File No. SR-OCC-92-06] (order temporarily approving proposed rule change through May 31, 1992); 30763 (June 1, 1992), 57 FR 24284 [File No. SR-OCC-92-11] (order temporarily approving proposed rule change through August 31, 1992); 31126 (September 1, 1992), 57 FR 40925 [File No. SR-OCC-92-19] (order temporarily approving proposed rule change through December 31, 1992); 31614 (December 17, 1992), 57 FR 61142 [File No. SR-OCC-92-37] (order temporarily approving proposed rule change through June 30, 1993); 32532 (June 28, 1993), 58 FR 36232 [File No. SR-OCC-93-14] (order temporarily approving proposed rule change through June 30, 1994); 34206 (June 13, 1994), 59 FR 31661 [File No. SR-OCC-94-06] (order temporarily approving proposed rule change through June 30, 1995); 36138 (August 23, 1995), 60 FR 44926 [File No. SR-OCC-95-9] (order temporarily approving proposed rule change through June 28, 1996); and 37618 (August 29, 1996), 61 FR 46889 [File No. SR-OCC-96-07] (order temporarily approving proposed rule change through June 30, 1997).

⁵ A copy of the Amendment is attached to NSCC's filing. A copy of the filing is available for copying and inspection in the Commission's Public Reference Room or through NSCC.

⁶ 15 U.S.C. 78q-1(b)(3)(F).

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

ambiguity as to the latest time for honoring demands upon letters of credit, letters of credit must state expressly that payment must be made prior to the close of business on the third banking day following demand. Second, letters of credit must be irrevocable. Third, letters of credit must expire on a quarterly basis. Fourth, OCC included language in its Rule 604 to make explicit OCC's authority to draw upon letters of credit at any time, whether or not the clearing member that deposited the letter of credit has been suspended or is in default, if OCC determines that such draws are advisable to protect OCC, other clearing members, or the general public.

According to OCC, since its original filing, OCC has received no adverse comments or complaints from any of its clearing members, the banks, or other interested parties with respect to the modifications to Rule 604 or the implementation of the revised letter of credit standards. As a result, OCC now requests that the Commission permanently approve its revisions.

OCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act⁵ because the proposed rule change promotes the protection of investors by enhancing OCC's ability to safeguard the securities and funds in its possession or subject to its control.

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

OCC does not believe that the proposed rule change would impose any burden on competition.

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

Comments were not and are not intended to be solicited by OCC with respect to the proposed rule change, and none were received.

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 OCC 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 will also be available for inspection and copying at the principal office of OCC. All submissions should refer to the file number SR-OCC-96-15 and should be submitted by March 14, 1997.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-4234 Filed 2-20-97; 8:45 am]

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[Release No. 34-38279; File No. SR-PSE-96-48]

Self-Regulatory Organizations; Pacific Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to A.M.-Settlement

February 12, 1997.

On December 18, 1996, the Pacific Stock Exchange, Inc. ("PSE" or "Exchange") submitted to the Securities and Exchange Commission ("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 codify certain existing procedures relating to a.m.-settled index options.

Notice of the proposed rule change was published for comment in the Federal Register on January 14, 1997.³

⁶ 17 CFR 200.30-3(1)(12).

¹ 15 U.S.C. § 78s(b).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 34-38127 (January 14, 1997).

No comments were received on the proposal. This order approves the proposal.

I. Description

The Exchange proposes to adopt new Rule 7.8(e), entitled "A.M.-Settled Index Options." This rule provides that the last day of trading for A.M.-settled index option shall be the business day preceding the last day of trading in the underlying securities prior to expiration. It states that the current index value at the expiration of an A.M.-settled option shall be determined on the last day of trading in the underlying securities prior to expiration. It further provides that the current index value shall be determined by reference to the reported level of such index is derived from first reported sale (opening) prices of the underlying securities on such day. In addition, in any case where the security does not open for trading on that day, the last reported sale price of such security shall be used unless the exercise settlement amount is fixed in accordance with the Rules and By-Laws of The Options Clearing Corporation.

Subsection (1)(B) of the proposed rule further states that in any case where an exercise settlement amount is fixed for any series of index options pursuant to the Rules and By-Laws of The Options Clearing Corporation, the amount so fixed shall be the amount required to be paid upon exercise of options of that series notwithstanding any difference between the current index value used by The Options Clearing Corporation in fixing that amount and the index value determined pursuant to Exchange Rules or practices.

The rule change further states that the following A.M.-settled index options are approved for trading on the Exchange: the PSE Technology Index; the Wilshire Small Cap Index, and the Dow Jones & Co. Taiwan Index.

II. Discussion

After careful review, 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).⁴ Specifically, the proposal clarifies procedures for determining the current index value of A.M.-settled index options by conforming PSE's rules and practices regarding these products to the current rules and practices of The

⁵ 15 U.S.C. 78q-1.

⁴ 15 U.S.C. § 78(b).