

close the market for the day regardless of when hit.

The Exchange has continued to discuss changes to circuit breaker parameters with the Commission and other self-regulatory organizations, particularly following the first triggering of circuit breakers on October 27, 1997, when the 350 and 550 point parameters represented moves in the DJIA of about 4.5 percent and 7.2 percent, respectively. These trigger levels represented market declines that were, in percentage terms, far less than the 250 and 400 point triggers implemented by all markets in October 1988, when they represented moves in the DJIA of about 12 percent and 19 percent, respectively. Therefore, a number of industry participants have expressed the view that the October 27, 1997 halt was unnecessary, and that circuit breaker parameters should be triggered only during periods of extraordinary market volatility. In addition, the Amex and other options exchanges have recognized the importance of maximizing the opportunity to allow the markets to have a normal end of the day close, particularly on Expiration Fridays. The proposed amendments to Rule 117 are responsive to these views, and provide the advantage of regular adjustments to circuit breaker thresholds to account for DJIA fluctuations.

The adoption of the proposed amendments to Exchange Rule 117 would be contingent upon the adoption of amended rules or procedures substantively identical to Rule 117 by:

(1) All United States securities exchanges and the National Association of Securities Dealers with respect to the trading of stocks, stock options and stock index options; and

(2) All United States futures exchanges with respect to the trading of stock index futures and options on such futures.

2. Basis

The Exchange believes that the proposal is consistent with Section 6(b)⁵ of the Act, in general, and Section 6(b)(5)⁶ of the Act, in particular, in that it is designed to remove impediments to and perfect the mechanism of a free and open market, to promote just and equitable principles of trade and, in general, to protect investors and the public interest.

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments on the proposed rule change were neither solicited nor received.

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

Within 35 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 90 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 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, located at the above address. Copies of such filing will also be available for inspection and copying at the principal office of the self-regulatory organization. All submissions should refer to File No. SR-Amex-98-09 and should be submitted by March 20, 1998.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-5066 Filed 2-26-98; 8:45 am]

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DEPARTMENT OF STATE

[Public Notice #2747]

Delegation of Authority

By virtue of the authority vested in me by the laws of the United States, including the State Department Basic Authorities Act of 1956, and the National Defense Authorization Act for Fiscal Year 1998 (P.L. 105-85) (The "Act"), I hereby delegate the authority vested in me by section 1211 of the Act to the Under Secretary of State for Arms Control and International Security Affairs or, in the absence of the Under Secretary of State for Arms Control and International Security Affairs, to any of the other Under Secretaries of State.

The Secretary or Deputy Secretary of State may at any time exercise any of the functions described above.

This delegation of authority shall be published in the **Federal Register**.

Dated: February 6, 1998.

Madeleine Albright,

Secretary of State.

[FR Doc. 98-4978 Filed 2-26-98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39685; File No. SR-GSCC-97-09]

Self-Regulatory Organizations; Government Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Changes to the Fee Structure

February 19, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1935 ("Act"),¹ notice is hereby given that on January 5, 1998, the Government Securities Clearing Corporation ("GSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-GSCC-97-09) as described in Items I, II, and III below, which items have been prepared primarily by GSCC. The Commission is publishing this notice to

¹ 15 U.S.C. 78s(b)(1).

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 amend GSCC's fees for processing of term repurchase agreements ("repos").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, GSCC 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. GSCC 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 Proposed Rule Change

GSCC currently provides a settlement service for repos with treasury securities as collateral.⁴ When CSCC clears and settles repos, it guarantees settlement of the repo from the date the repo is compared by GSCC. This proposed rule change amends GSCC's fees for clearance of term repos.

As it currently exists and as it will be enhanced in the future, GSCC's repo netting service requires significant risk management resources and represents a large ongoing expense particularly from an operational and technological perspective. In light of this, the board of directors of GSCC now believes it is appropriate to revise the pricing structure for the netting and guaranteed settlement of term repos to cover the true cost of the service and to more closely reflect the benefits derived by members from the service. The board also believes it is appropriate to revise the pricing structure to cover the costs of other repo netting services and enhancements (such as the development effort to net same-day start legs) that are important from a settlement and risk management perspective and that

provide operational and cost benefits to members but are not a significant source of revenue for GSCC.

GSCC believes that these goals are best accomplished by shifting from a transactional charge to a basis point charge. A transactional charge is an inadequate pricing method because it does not reflect the size of the repo in dollar terms. Thus, a member carrying a \$50 million repo incurs the same charge as a member carrying only a million dollar repo. GSCC believes this is inequitable because the former member brings more risk to GSCC and derives more benefit than the latter member.

The proposed rule change will eliminate a two cents per calendar day fee on outstanding start and close term repo legs. Instead, there will be new fees for the processing of an outstanding term repo that has been compared and netted but has not yet settled. These basis point fees will be applied each calendar day but calculated on an annualized basis.

A fee of a .015 basis point charge will be applied to the gross dollar amount of a member's term repos that have been entered into GSCC's netting system. This fee reflects the potential balance sheet offset benefit derived by the member from its repo activity. In addition, a fee of a .060 basis point charge will be applied to the net dollar amount of a member's term repo activity within a CUSIP. This fee reflects the guarantee of settlement and other risk management benefits provided by GSCC once a member's activity has been netted by CUSIP.

GSCC believes that the proposed rule change is consistent with the requirements of section 17A(b)(3)(A) of the Act⁵ and the rules and regulations thereunder because it will promote the prompt and accurate clearance and settlement of securities transactions.

(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.

(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 will notify the Commission of any written comments received by GSCC.

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)⁶ of the Act and Rule 19b-4(e)(2)⁷ promulgated thereunder because the proposal establishes or changes a due, fee, or other charge imposed by the self-regulatory agency. 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 or appropriate in the public interest, for the protection of investors, or otherwise win furtherance of the purposes of the Act.

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 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 room, 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 GSCC. All submissions should refer to the file number SR-GSCC 97-09 and should be submitted by March 20, 1998.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁸

Margaret H. McFarland,
Deputy Secretary.

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² A term repo is a repo for which the settlement date for the close leg is more than one business day after the settlement date for the start leg.

³ The Commission has modified the text of the summaries submitted by GSCC.

⁴ Securities Exchange Act Release No. 36491 (November 17, 1995), 60 FR 61577.

⁵ 15 U.S.C. 78q-1.

⁶ 15 U.S.C. 78s(b)(3)(A)(ii).

⁷ 17 CFR 240.19b-4(e)(2).

⁸ 17 CFR 200.30-3(a)(12).