

GSCC FINE SCHEDULE LATE PAYMENT OF FUNDS SETTLEMENT DEBIT/LATE SATISFACTION OF CLEARING FUND  
DEFICIENCY CALL

Amount	First occasion	Second occasion	Third occasion	Any late- ness more than one hour or fourth occa- sion
\$1 to \$100M .....	Warning Letter .....	\$100	\$200	\$500
Greater than \$100M to \$1MM .....	Warning Letter .....	300	600	1,000
Greater than \$1MM to \$2MM .....	Warning Letter .....	600	1,200	2,000
Greater than \$2MM .....	\$250 .....	1,000	2,000	3,000

## II. Discussion

Section 17A(b)(3)(F) <sup>4</sup> of the Act requires that the rules of a clearing agency be designed to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. The Commission believes that GSCC's proposed rule change is consistent with its obligations under the Act because the fine schedule should provide GSCC members with an incentive to meet their financial responsibilities on a timely basis. The possibility of being assessed a fine should increase GSCC's members' timeliness of their payments of settlement and clearing fund obligations to GSCC. By increasing compliance with GSCC's deadlines for the payment of settlement and clearing fund obligations, the proposed rule change should enable GSCC to better safeguard securities and funds which are in its custody or control or for which it is responsible.

## III. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with requirements of the Act and in particular with requirements of 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-GSCC-97-04) be, and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 98-7069 Filed 3-18-98; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39745; File No. SR-PCX-98-11]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Pacific Exchange, Inc. Relating to the Exchange's Specialist Post Fee Waiver Program

March 12, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act") <sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on February 19, 1998, the Pacific Exchange, Inc. ("PCX" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. 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 Exchange is proposing to adopt a fee waiver program for certain new specialist firms on the Exchange. The text of the proposed rule change is set forth in Exhibit A to the filing.

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

In its filing with the Commission, the self-regulatory organization 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. The self-regulatory organization has

prepared summaries, set forth in sections A, B and C below, of the most significant aspects of such statements.

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

##### Purpose

The Exchange is proposing to adopt a Specialist Post Fee Waiver Program (the "Program") in order to provide short-term cost relief to new specialist firms that agree to operate a specialist post, and to existing specialist firms that agree to operate an additional specialist post, on the Equity Floors of the Exchange. The Program is intended to provide financial incentives to encourage specialist firms to operate specialist posts and to encourage those firms to bring new equity order flow to the Exchange. Any specialist firm that provides new backing of a specialist post, after the effective date of the Program, would be eligible to participate in the Program. Fees for posts already being operated by a specialist firm are not affected by this waiver Program.

The terms of the Program are as follows: First, if a specialist assumes new financial responsibility for a specialist post after the effective date of the Program, that specialist firm's fixed specialist fees for the post taken over will be waived for three months.<sup>3</sup> Second, once the three months of the fee waiver have been earned, all of the fees previously waived under the Program will be reinstated. Third, once the previously waived fees are reinstated, the specialist firm will be eligible to

<sup>3</sup> The specialist fees that will be waived include: Exchange Member Dues, the Floor Privilege Fee, the Specialist Facility Fee, the Specialist Systems Fee, Workstation Fees, the Market Data Fee, the Card Access Fee, the Pacific Clearing Corporation ("PCC") Post Cashiering Fee and the PCC Post Clearing Fee. Some of the fees waived will vary based on the number of staff the firm has on the floor and the services the firm uses. Consequently, the actual dollar amount of waived fees will vary slightly by firm. Generally, waived fees will average \$7,330 per month.

<sup>4</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>5</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 17 CFR 240.19b-4.

earn additional fee credits for three months based upon monthly trading volume at the specialist post taken over.

The proposed schedule is set forth below. These fee credits are intended to serve as incentives for specialist firms to

bring new equity order flow to the Exchange.

Monthly post trading volume	Post fee credit		Est'd effective monthly post fee
	Percent	Amount	
4 million shares or more .....	85	\$6,230	\$1,100
3 to less than 4 million shares .....	50	3,665	3,665
2 to less than 3 million shares .....	25	1,830	5,500
Less than 2 million shares .....	0	0	7,330

Fourth, a specialist firm is eligible to earn the fee credits provided above for three trade months. Fifth, if a specialist firm begins operating a specialist post under the Program during the course of a trade month, the Exchange will stagger the issuance of part of the fee waiver until after the passage of time in which fee credits may be earned. This will allow the Exchange to avoid crediting a specialist firm an amount that exceeds its fixed fees during any given trade month. Thus, for example, if a firm begins operating a post on February 15, the prorated fixed fees for February (*i.e.*, from February 15 to the end of February) will be waived, as will the fixed fees for March and April. The firm will then be eligible to earn fee credits during the months of May, June and July. Then, in August, the Exchange will provide a fee waiver equal to the amount not previously waived in February (*i.e.*, the portion equal to the fees for the first half of February). Finally, once a specialist firm has participated in the Program for six full months, the Exchange will no longer apply fee waivers and fee credits, and the specialist firm will be subject to regular specialist post fees for the post taken over.

#### Basis

The proposal is consistent with Section 6(b) of the Act<sup>4</sup> in general, and Section 6(b)(4),<sup>5</sup> in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among members.<sup>6</sup>

#### *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**

The foregoing rule change has become effective immediately pursuant to Section 19(b)(3)(A)(ii)<sup>7</sup> of the Act and subparagraph (e)(2) of Rule 19b-4 thereunder<sup>8</sup> because it constitute or changes a due, fee, or other charge imposed by the Exchange. At any time within 60 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 in furtherance of the purposes of the Act.<sup>9</sup>

#### **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 of the PCX. All submissions should refer to File No. SR-PCX-98-11 and should be submitted by April 9, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

**Margaret H. McFarland,**  
*Deputy Secretary.*

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#### **DEPARTMENT OF STATE**

[Public Notice No. 2760]

#### **Office of Defense Trade Controls; Notifications to the Congress of Proposed Commercial Export Licenses**

**AGENCY:** Department of State.

**ACTION:** Notice.

**SUMMARY:** Notice is hereby given that the Department of State has forwarded the attached Notifications of Proposed Export Licenses to the Congress on the dates shown on the attachments pursuant to section 36(c) and in compliance with section 36(e) of the Arms Export Control Act (22 U.S.C. 2776).

**EFFECTIVE DATE:** As shown on each of the six letters.

**FOR FURTHER INFORMATION CONTACT:** Mr. William J. Lowell, Director, Office of Defense Trade Controls, Bureau of Political-Military Affairs, Department of State (703) 875-6644.

**SUPPLEMENTARY INFORMATION:** Section 38(e) of the Arms Export Control Act mandates that notifications to the Congress pursuant to section 36(c) must

<sup>4</sup> 15 U.S.C. 78f(b).

<sup>5</sup> 15 U.S.C. 78f(b)(4).

<sup>6</sup> The Commission notes that the filing may raise questions concerning payment for order flow. To the extent that it does raise such issues, exchange members should consider any associated disclosure obligations, namely pursuant to Rules 10b-10 and 11Ac1-3 under the Act, 17 CFR 240.10b-10 and 17 CFR 240.11Ac1-3, respectively.

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>8</sup> 17 CFR 240.19b-4(e)(2).

<sup>9</sup> In reviewing the proposal, the Commission has considered the proposal's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>10</sup> 17 CFR 200.30-3(a)(12).