

of 1934 ("Act").<sup>1</sup> Notice of the proposal was published in the **Federal Register** on February 27, 1998.<sup>2</sup> One comment letter was received.<sup>3</sup> For the reasons discussed below, the Commission is approving the proposed rule change.

### I. Description

Currently, NSCC's rules provide that it will establish, as deemed necessary or appropriate, standards of financial responsibility, operational capability, experience, and competence for membership, as well as guidelines for the application of membership standards.<sup>4</sup> The purpose of the rule change is to establish specific standards under which NSCC may deny an applicant membership or to cease to act for a participant.<sup>5</sup>

The revised rule will allow NSCC to deny membership to any applicant or to cease to act for any participant if a person who has either significant managerial responsibility or significant ability to influence the policies and actions of the applicant or participant (through ownership interest, contract, or otherwise), whether or not the person currently acts as a principal or registered representative, has a record that reflects any adverse history as enumerated in the rule. The types of adverse history enumerated in the rule include felony and misdemeanor proceedings and convictions; certain disciplinary, regulatory, or administrative proceedings and actions; arbitration or civil actions; multiple customer complaints; termination or permitted resignation after investigation or allegation of sales practice problems, violation of rules, regulation, laws, or standards of conduct; or being subject to heightened supervision.

Any action, complaint, or proceeding referred to in the rule that is not taken against a person will nonetheless be deemed to be taken against that person if his or her activities are cited in whole or in part as being a contributing cause. However, no person will be deemed to have an adverse regulatory history due to being named in customer complaints

or adverse civil proceedings merely because of the persons's management or ownership position in the applicant or participant unless the number of complaints or proceedings are disproportionate to the size of the firm.

The rule change will also allow NSCC to deny membership to an applicant or to cease to act for a participant if a correspondent of the applicant or participant or any entity for which the applicant or participant is financially responsible would fail to meet the above membership standards. However this provision of the rule will apply only if the size of the business of the correspondent or other entity is significant relative to the capital of the applicant or participant. NSCC has informed the Commission that it intends to construe the new rule in a manner which will not limit its authority under its rules to deny membership to, to cease to act for, or to obtain further assurances from any applicant or participant when the circumstances warrant even if the circumstances include or consist solely of items that are not specific grounds for such action under the rule change.

### II. Comment Letters

The Commission received one comment letter in response to the proposed rule change (*supra* note 3). The commenter supported the rule change but believed an applicant or participant should be able to appeal a decision to deny membership.

### III. Discussion

Section 17A(b)(3)(F) of the Act<sup>6</sup> requires that the rules of a clearing agency 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. The Commission believes that the proposed rule change is consistent with NSCC's obligations under Section 17A(b)(3)(F) because it should enable NSCC to better manage its risk exposure by specifically authorizing NSCC to consider applicant's and participants' regulatory history. An adverse regulatory history can indicate that an applicant would or a participant does present an unacceptably high risk to NSCC and its participants.

Section 17A(b)(3)(H) of the Act<sup>7</sup> also requires that the rules of the clearing agency provide a fair procedure with respect to the denial of participation and the prohibition or limitation by the clearing agency of any person with respect to access to services offered by

the clearing agency. The Commission believes that the proposed rule change is consistent with NSCC's obligations under Section 17A(b)(3)(H) because it defines the specific bases upon which NSCC may deny membership or cease to act for a participant.

In response to the issue of whether an applicant can appeal a denial of its membership application, the Commission notes that Rule 2 of NSCC's Rules and Procedures currently provides a hearing process for any applicant that is deemed to not meet membership requirements before the applicant is denied membership.

### III. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the 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-NSCC-97-13) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

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

[FR Doc. 98-18907 Filed 7-15-98; 8:45 am]

BILLING CODE 8010-01-M

## SMALL BUSINESS ADMINISTRATION

### Small Business Investment Company of Connecticut (License #02-0052), Notice of License Surrender

Notice is hereby given that the Small Business Investment Company of Connecticut (SBIC/CT), Bridgeport, Connecticut, has surrendered its license to operate as a small business investment company under the Small Business Investment Act of 1958, as amended ("the Act"). SBIC/CT was licensed by the Small Business Administration on January 31, 1961.

Under the authority vested by the Act and pursuant to the regulations promulgated thereunder, the surrender of the license was accepted on June 29, 1998, 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)

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

<sup>2</sup> Securities Exchange Act Release No. 39693 (February 23, 1998), 63 FR 10058.

<sup>3</sup> Letter from William C. Alsover, President, Centennial Securities Company, to David F. Hoyt, NSCC (November 7, 1997).

<sup>4</sup> Rule 15 of NSCC's Rules and Procedures.

<sup>5</sup> NSCC has taken note of the findings set forth in the April 15, 1997, memorandum entitled, "The Joint Regulatory Sales Practice Sweep: Heightened Supervisory Procedures," which was the product of an initiative involving the National Association of Securities Dealers, Inc., the New York Stock Exchange, Inc., the Securities and Exchange Commission, and the North American Securities Administrators Association, Inc.

<sup>6</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>7</sup> 15 U.S.C. 78q-1(b)(3)(H).

<sup>8</sup> 17 CFR 200.30-3(a)(12)..

Dated: July 7, 1998.

**Don A. Christensen,**

*Associate Administrator for Investment.*

[FR Doc. 98-18985 Filed 7-15-98; 8:45 am]

BILLING CODE 8025-01-P

## DEPARTMENT OF TRANSPORTATION

### Notice of Applications for Certificates of Public Convenience and Necessity and Foreign Air Carrier Permits Filed Under Subpart Q During the Week Ending July 3, 1998

The following Applications for Certificates of Public Convenience and Necessity and Foreign Air Carrier Permits were filed under Subpart Q of the Department of Transportation's Procedural Regulations (See 14 CFR 302.1701 et. seq.). The due date for Answers, Conforming Applications, or Motions to Modify Scope are set forth below for each application. Following the Answer period DOT may process the application by expedited procedures. Such procedures may consist of the adoption of a show-cause order, a tentative order, or in appropriate cases a final order without further proceedings:

*Docket Number:* OST-98-3997.

*Date Filed:* June 26, 1998.

*Due Date for Answers, Conforming Applications, or Motions to Modify Scope:* July 24, 1998.

*Description:* Application of Passaredo Transportes Aereos S.A. pursuant to Section 402 of the Act and Subpart Q, applies for an air carrier permit authorizing the carriage of passengers on a charter basis between a point or points in Brazil and a point or points in the United States.

*Docket Number:* OST-98-4009.

*Date Filed:* June 29, 1998.

*Due Date for Answers, Conforming Applications, or Motions to Modify Scope:* July 27, 1998.

*Description:* Application of Tower Air, Inc. pursuant to 49 U.S.C. Section 41108 and Subpart Q, applies for the issuance of a new Certificate of Public Convenience and Necessity or Amendment of its existing Certificate for Route 401, to engage in foreign air transportation of persons, property and mail between any points in the United States, directly and via intermediate points, and any points in France, and beyond France to points in third countries, as limited by applicable bilateral agreements.

*Docket Number:* OST-98-4010.

*Date Filed:* June 29, 1998.

*Due Date for Answers, Conforming Applications, or Motions to Modify Scope:* July 27, 1998.

*Description:* Application of Federal Express Corporation pursuant to 49 U.S.C. Section 41102 and Subpart Q, applies for issuance of a new Certificate of Public Convenience and necessity authorizing Federal Express to provide scheduled foreign air transportation of property and mail between points in the United States, on the one hand, and points in the forty-eight (48) foreign countries listed, on the other hand.

**Dorothy W. Walker,**

*Federal Register Liaison.*

[FR Doc. 98-18951 Filed 7-15-98; 8:45 am]

BILLING CODE 4910-62-P

## DEPARTMENT OF TRANSPORTATION

### Aviation Proceedings, Agreements Filed During the Week Ending July 3, 1998

The following Agreements were filed with the Department of Transportation under the provisions of 49 U.S.C. Sections 412 and 414. Answers may be filed within 21 days of date of filing.

*Docket Number:* OST-98-4015

*Date Filed:* July 1, 1998

*Parties:* Members of the International Air Transport Association

*Subject:*

PTC12 Telex Mail Vote 946-r1-4  
USA-Austria/Belgium/Germany/Neth/  
Scand/Switz fares  
r1-002m, r2-054vv, r3-044v, r4-  
064vv

Intended effective date: August 1, 1998

*Docket Number:* OST-98-4016

*Date Filed:* July 2, 1998

*Parties:* Members of the International Air Transport Association

*Subject:*

PTC2 ME 0045 dated June 26, 1998  
Within Middle East Expedited Resos  
r-1-002j, r-2-070ba, r-3-071ea, r-4-  
072c, r-5-079b, r-6-085dd, r-7-  
002o

Intended effective date: August 1/  
October 1, 1998

*Docket Number:* OST-98-4017

*Date Filed:* July 2, 1998

*Parties:* Members of the International Air Transport Association

*Subject:*

COMP Telex Mail Vote 948  
Standard Condition Resolution for  
Special Fares  
Intended effective date: August 1, 1998

*Docket Number:* OST-98-4020

*Date Filed:* July 2, 1998

*Parties:* Members of the International Air Transport Association

*Subject:*

PTC2 EUR-ME 0056 dated June 30,

1998

Europe-Middle East Expedited Resos  
002a

Intended Effective Date: August 1, 1998.

**Dorothy W. Walker,**

*Federal Register Liaison.*

[FR Doc. 98-18952 Filed 7-15-98; 8:45 am]

BILLING CODE 4910-62-P

## DEPARTMENT OF TRANSPORTATION

### Federal Railroad Administration

#### Railroad Rehabilitation and Improvement Financing

July 9, 1998.

**ACTION:** Notice.

**SUMMARY:** The Transportation Equity Act for the 21st Century ("TEA-21"), Pub. L. No. 105-178, 112 Stat. 107 (1998), established the Railroad Rehabilitation and Improvement Financing program ("RRIF"). To assist in its implementation, the Federal Railroad Administration ("FRA") is requesting information on (1) types of projects which might benefit from financial assistance available under RRIF, and (2) potential applicants for such financial assistance.

**ADDRESSES:** Responses should be sent to James T. McQueen, Associate Administrator, Office of Railroad Development, Federal Railroad Administration, 400 7th Street, S.W., Washington, D.C. 20590.

#### FOR FURTHER INFORMATION CONTACT:

James T. McQueen or JoAnne M. McGowan, Chief, Freight Programs, (202) 632-3290.

**SUPPLEMENTARY INFORMATION:** TEA-21 amended Title V of the Railroad Revitalization and Regulatory Reform Act of 1976, as amended, 45 U.S.C. 821 et seq., by establishing RRIF, which will make financial assistance, in the form of *direct loans and loan guarantees*, available for eligible railroad projects. The aggregate unpaid principal balance of all financial assistance outstanding may not exceed \$3.5 billion, of which not less than \$1 billion shall be available solely for other than Class I railroads.

Applicants for assistance include State or local governments, government sponsored authorities and corporations, shippers, railroads, and joint ventures, but *each application must include at least one railroad*. Funds can be used to (1) acquire, improve or rehabilitate intermodal or rail equipment or facilities, including track, components of track, bridges, yards, buildings and