

proposed plan amendments pending the outcome of the market data debate. The Commission wishes to emphasize, therefore, that a reevaluation of the enterprise arrangement may be required depending on subsequent actions taken by the Commission involving its review of market information fees and revenues.

The Commission finds good cause for approving the proposed amendments prior to the thirtieth day after the date of the publication of the notice in the **Federal Register**. On June 14, 1999, the Participants, on behalf of Network A, submitted amendments to the Plans which proposed to reduce the monthly nonprofessional subscriber fees and to implement an identical enterprise arrangement.⁸ On October 5, 1999,⁹ the Commission approved the plan amendments. Public comment supported the fee reductions only because they represented an improvement over the CTA's current fee structure. Given that the proposed amendments are identical to amendments approved previously by the Commission and that retail investors should ultimately benefit from lower costs of execution, the Commission believes that granting accelerated approval of the proposed rule change is appropriate and consistent with the Act.

V. Conclusion

It is therefore ordered, pursuant to section 11A of the Act,¹⁰ and the rules thereunder, that the proposed amendments to the Plans (SR-CTA/CQ-99-03) are approved.

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

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42281; File No. SR-DTC-99-25]

Self Regulatory Organizations; The Depository Trust Corporation; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Modifying DTC's Failure-to-Settle Procedures

December 28, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on November 15, 1999, The Depository Trust Corporation ("DTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in items I and II below, which have been prepared primarily by DTC. The Commission is publishing this notice and order to solicit comments from interested persons and to grant accelerated approval of the proposed rule change.

I. Self Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change will modify DTC's failure-to-settle ("FTS") procedures to permit DTC to borrow temporarily from all participants with net credit positions if DTC's liquidity resources are inadequate to complete settlement.

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

In its filing with the Commission, DTC 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. DTC 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 proposed rule change will modify DTC's procedures to permit DTC to borrow temporarily from all participants in net credit positions in the unlikely circumstances that DTC's liquidity

resources are inadequate to complete settlement. Under the proposed rule change, instead of borrowing first from participants in net credit positions that have made deliveries to a failed participant, DTC would have the option to borrow pro rata from all participants having net credits.

Each DTC participant pays the net debit balance or receives the net credit balance in its DTC money settlement account at the end of each day. DTC's principal risk is the possible failure of one or more participants to settle their net debit obligations. In order to assure that DTC is able to complete settlement on the day of a participant failure, DTC imposes on all participants net debit caps that are related to, among other things, the amount of DTC's total liquidity resources. DTC maintains liquidity resources of \$1.4 billion, consisting of a cash participants fund of \$400 million and a \$1 billion committed line of credit with a consortium of banks.

DTC's FTS procedures address the unlikely possibility that DTC's liquidity resources may be inadequate to complete settlement, a circumstance that has never occurred, by allowing DTC to borrow temporarily from participants having net credits. Under DTC's current FTS procedures, DTC would first reduce the net credits of participants that made deliveries to the failed participant. If this initial borrowing is insufficient, the procedures provide for DTC to apply net credit reductions pro rata to all participants having net credits.

Because of DTC's net debit cap controls, DTC would experience a liquidity shortfall only if there were two or more participant failures on the same day. Simulations limiting the reduction of net credits solely to participants that have delivered to multiple failing participants, particularly where one or more of the failing participants maintain more than one DTC settlement account, show that because of the number of variables involved, such a process can be extremely time-consuming and if ever implemented could severely delay completion of settlement. By permitting DTC the option of either first reducing the net credits of deliverers to the failing participants with net credits or applying net credit reductions pro rata across-the-board to all participants, the proposed rule change could substantially reduce the amount of time necessary for DTC to process net credit reductions and to inform the affected participants.

DTC believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to

⁸ See Securities Exchange Act Rel. No. 41572 (June 28, 1999), 64 FR 36412 (July 6, 1999).

⁹ See Securities Exchange Act Rel. No. 41977, 64 FR 55503 (October 13, 1999).

¹⁰ 15 U.S.C. 78k-1.

¹¹ 17 CFR 200.30-3(a)(27).

¹ 15 U.S.C. 78s(b)(1).

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

DTC since the proposed rule change will facilitate completion of daily money settlement at DTC in the unlikely event that DTC's liquidity resources are not sufficient to complete settlement.

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

DTC perceives no impact on competition by reason of the proposed rule change.

C. Self Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants and Others

Comments from DTC participants or others have not been solicited or received on the proposed rule change.

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

Section 17A(b)(3)(F) of the Act³ 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 the proposed rule change is consistent with DTC's obligations under Section 17A(b)(3)(c) because the proposal should facilitate the completion of the daily settlement process at DTC in the event of multiple participant failures on the same day which cause DTC's liquidity resources to be inadequate to complete settlement.

DTC has requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing. The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after publication of the notice of the filing because such approval will allow DTC to implement this additional safeguard as soon as possible.

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, NW, Washington, DC 20549-0609. 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, NW, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of DTC. All submissions should refer to File No. SR-DTC-99-25 and should be submitted by January 31, 2000. *It is therefore ordered*, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-DTC-99-25) be, and hereby is, approved on an accelerated basis.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁴

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42309; File No. SR-OCC-99-11]

Self-Regulatory Organizations; the Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Authority To Vote on Behalf of OCC

January 3, 2000.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 ("Act") notice is hereby given that on October 26, 1999, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission the proposed rule change 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 proposed rule change grants the chairman of the OCC's board of directors the express authority to vote on behalf of OCC the stock of OCC's wholly-owned subsidiaries.

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.

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 add paragraph (b) to Article IV, Section 6 of OCC's By-Laws. Paragraph (b) grants the chairman of OCC's board of directors or his proxy the express authority to vote on behalf of OCC the stock of OCC's wholly-owned subsidiaries. For example, the proposed rule change clarifies the chairman's authority to vote stock of a subsidiary to fill vacancies on the subsidiary's board where the subsidiary's by-laws require vacancies to be filled by its stockholders. This authority is subject to any specific direction of or alternative delegation by OCC's full board of directors. Any exercise of the chairman's authority under Article IV, Section 6(b) is subject to subsequent ratification by the OCC board.

The proposed rule change also amends the current text of Article IV, Section 6, newly designated as paragraph (a) thereof, to correct a typographical error.

OCC believes that the proposed rule change is consistent with Section 17A of the Act because it makes explicit and clarifies authority implicit under existing OCC By-Laws. According to OCC, the delegation of such authority to the Chairman has proven effective in promoting the efficient governance of OCC.

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

Written comments were not and are not intended to be solicited with respect

³ 15 U.S.C. 78q-1(b)(3)(F).

⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).