

c. Vehicle license number (if appropriate).

d. Social Security Number.

Individuals requesting access must also follow the OPM's Privacy Act regulations regarding verification of identity and amendment of records (5 CFR part 297).

CONTESTING RECORD PROCEDURES:

Individuals wishing to request amendment of records about them should contact the system manager. Individuals must furnish the following for their records to be located and identified:

a. Full name.

b. Parking permit number (if appropriate).

c. Vehicle license number (if appropriate).

d. Social Security Number.

Individuals requesting amendment must also follow OPM's Privacy Act regulations regarding verification of identity and amendment of records (5 CFR part 297).

RECORD SOURCE CATEGORIES:

Information in this system of records is obtained from:

a. The individuals to whom the records pertain.

b. Information taken from official OPM records.

c. Other Federal agency parking records.

d. OPM Medical Doctors when disability determinations are requested.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42279; File No. SR-GSCC-99-05]

Self-Regulatory Organizations; Government Securities Clearing Corporation; Notice of Filing of Proposed Rule Change Relating to the Formation of and Involvement in the European Securities Clearing Corporation

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 16, 1999, the Government Securities Clearing Corporation ("GSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which items have been prepared primarily by GSCC.

The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

The proposed rule change seeks the Commission's approval for GSCC to become an initial shareholder and serve on the Board of Directors of the European Securities Clearing Corporation ("ESCC").

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 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 these statements.²

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

In 1998, GSCC was requested by its board of directors, which is composed of representatives of many organizations active in the government debt securities cash and repo markets both in the United States and in Europe, to explore the possibility of providing in Europe the types of comparison, netting, and risk management services that GSCC provides in the United States. GSCC originally planned to provide these services through a joint venture with the Euroclear Clearance System Societe Cooperative ("Euroclear")³ and its operator, Morgan Guaranty Trust Company of New York, Brussels Branch ("Morgan").⁴ Specifically, GSCC and Euroclear had planned to use J.P. Morgan Benelux, S.A. ("Benelux"), an existing Morgan subsidiary, as the netting vehicle. Benelux would have

been renamed the European Securities Clearing Corporation.⁵ The London Clearing House ("LCH") was also asked by its members to provide these same services in Europe.⁶ In response, LCH began offering its RepoClear service in August 1999 through which LCH provides netting services for European sovereign debt repo transactions.

GSCC, Euroclear, and LCH (collectively, the "parties" and, each individually, a "party") have determined that it would be more efficient to provide the services for European sovereign debt buy-sell and repo transactions through a single netting vehicle, which will be LCH through its RepoClear service.⁷ This plan allows for a logical consolidation of the efforts of the three parties and maximizes the synergies to be achieved by them. Each of the parties brings its unique knowledge and experience to the effort. GSCC has extensive netting and risk management expertise as the leading provider of these services for the buy-sell and repo markets in the United States. Euroclear has over thirty years experience providing settlement, custody, and collateral management services in Europe. As mentioned above, LCH provides clearing and netting services for a wide array of financial products, including repos. The parties also share a large common membership (mostly through affiliated entities).

The parties will form a new entity, ESCC, which is proposed to be a United Kingdom company and whose purpose will be to oversee the scope and nature of the netting services offered by LCH. Thus, there will be a transition of control of LCH's RepoClear service from LCH to ESCC. ESCC will be owned equally by the three parties. It is intended that ESCC be governed by its market participant users, who are expected to be major participants in the European fixed-income marketplace.

GSCC's involvement in ESCC at the outset will be a governance role that should help ensure, among other things, that LCH/RepoClear will draw upon GSCC's experience and knowledge and

⁵ It was intended that GSCC would acquire a minority ownership interest in Benelux.

⁶ LCH was created in 1888 to clear certain commodities transactions. It currently provides clearing and netting services for a wide array of financial products, including futures, equities, swaps, and repos. LCH is a "recognized clearing house" under the United Kingdom's Financial Services Act of 1986.

⁷ It should be noted that there is at least one other competing netting vehicle in Europe, ClearNet, which is owned by the ParisBourse. LCH to ESCC. ESCC will be owned equally by the three parties. It is intended that ESCC be governed by its market participant users, who are expected to be major participants in the European fixed-income marketplace.

¹ 15 U.S.C. 78s(b)(1).

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

³ Euroclear was created in 1968 to provide clearance and settlement for internationally traded securities. It provides related services such as custody, securities lending, and money transfer. Euroclear has extensive experience in European securities settlement.

⁴ Morgan and Euroclear recently announced that they have signed a letter of intent to create a new, market-owned European bank to succeed Morgan as operator and banker of Euroclear. The transition from Morgan to the new bank operator is expected to occur within approximately twenty months.

carry United States-style features, such as single-ticket data input, settlement of contracts at current market value, the facilitation of substitutions, and the admission of inter-dealer brokers. These features have proven very successful of the U.S. Government debt market in the United States.

GSCC's management role in ESCC will further ensure that the RepoClear service will use, to the extent appropriate, GSCC's mark-to-market and margining methodologies to provide comprehensive, uniform risk management processes. GSCC intends to help ensure that: (i) Processing efficiencies will be attained through the utilization of standardized SWIFT message formats for input and output; (ii) participants' margin requirements will be reduced through cross-margining both their European Government securities activity and their combined United States and European activity;⁸ (iii) participants' balance sheets will be reduced and they will experience increased capital utilization through a maximization of the offsets available from repo and reverse repo activity; and (iv) the RepoClear service will support global electronic trading systems, allowing for more efficient settlement of cash and futures activities engaged in side-by-side through coordinated mark-to-market and margining processes and standardized clearance and settlement practices and through optimized cross-margining of correlated positions.

GSCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act⁹ and the rules and regulations thereunder applicable to GSCC because it should help to ensure that United States organizations operating abroad either directly or through their European affiliates obtain the significant netting, risk management, and other services and associated benefits that GSCC provides in the United States.

(B) Self-Regulatory Organization's Statement on Burden on Competition

GSCC does not believe that the proposed rule change will have any impact or impose any burden on completion.

(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

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 the self-regulatory organization 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, 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. 20549-0609. 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, N.W., Washington, D.C. 20549. Copies of such filing also will be available for inspection and copying at the principal office of GSCC. All submissions should refer to File No. SR-GSCC-99-05 and should be submitted by January 26, 2000.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-112 Filed 1-4-00; 8:45 am]

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DEPARTMENT OF STATE

[Public Notice 3193]

Bureau of Educational and Cultural Affairs; Bosnia and Herzegovina Undergraduate Development Program; Notice: Request for Proposals

Summary

The Office of Academic Exchange Programs of the Bureau of Educational and Cultural Affairs (ECA) announces an open competition for the Bosnia and Herzegovina Undergraduate Development Program. Four-year colleges and universities meeting the provisions described in IRS regulation 26 CFR 1.501(c) may submit proposals to host between two and five Bosnian students in a one-year, non-degree undergraduate program for the academic year 2000-2001. Organizations with less than four years of experience in hosting international exchange students are not eligible for this competition. Recruitment and selection will be conducted by the U.S. Embassy Office of Public Affairs, Sarajevo, Bosnia and Herzegovina.

Program Information

The Bosnia and Herzegovina Undergraduate Development Program is designed to allow Bosnian students an opportunity to obtain knowledge, insight and cultural enrichment through their academic studies at American colleges and universities. ECA strongly encourages institutions to guide students to courses in American studies, or other courses which emphasize democracy, market economy, and civic society per the intent of the Support for Eastern European Democracy (SEED) Act funding. ECA is holding an open competition for four-year universities and colleges giving preference to those that meet the following criteria:

- Has demonstrated experience in hosting Bosnian (or Balkan regional) students, partnerships with Bosnian higher education institutions, or expertise and interest in the region
- Strong international student advising offices with experience dealing with cultural, educational and adjustment issues for foreign students
- Accessibility to and opportunities for cultural and social activities on- and off-campus with access to public transportation
- Mid-size institutions (generally between 5,000-15,000 enrollement) that offer all or most of the eligible fields of study for this program
- Diverse student populations with substantial foreign student representation

⁸ The proposed cross-margining arrangement will be the subject of a separate rule filing in the future. The parties intend to work towards implementing the cross-margining arrangement by early 2001.

⁹ 15 U.S.C. 78q-1.

¹⁰ 17 CFR 200.30-3(a)(12).