

Risk Factor is being amended to reflect that it will be based on the largest percentage change in the Financial Times Index over a six day period over a minimum of 365 days. Initially, the Market Risk Factor will continue to be set at 7%.

No change is required to be made to the formula used to derive the Foreign Exchange Factor. This factor is based in part on the Estimated Foreign Exchange Volatility, an amount that is equal to the largest one day percentage change in the U.S. dollar/British pound foreign exchange rate over a minimum of 365 days and that is unaffected by the change in the standard settlement period.¹⁰ The Estimated Foreign Exchange Volatility will continue to be set at 4%.¹¹

ISCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder because the rule proposal will facilitate ISCC's ability to safeguard securities and funds in its custody or control.

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

ISCC does not believe that the proposed rule changes will have an impact on 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

ISCC will notify the Commission of any written comments it receives.

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

Section 17A(b)(3)(F)¹² 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 ISCC's proposal to amend certain factors used in its clearing fund formula should enhance the safeguarding of securities and funds which are in the custody or control of ISCC or for which it is responsible because the

modifications will result in a more feasible means of determining ISCC's risks under the shorter standard settlement cycle. Because of the effect of a five day settlement cycle on the calculation of the clearing fund requirements, the proposal will enable ISCC to require members to deposit the greater of (a) the current calculation amount or (b) the largest calculation amount over the prior fifty-two weeks. Collection of the larger amount for deposit to the clearing fund should provide additional protection to compensate for the change in the calculations of the Gross Debit Value and Market Risk Factor which generally will be based upon previously settled trades rather than outstanding obligations.

On June 17, 1980, the Commission issued a release announcing the standards to be used by the Division of Market Regulation in connection with the registration of clearing agencies.¹³ In that release, the Commission stated that it is appropriate for a clearing agency to establish an appropriate level of clearing fund contributions based, among other things, on its assessment of the risks to which it is subject. In addition, contributions to the clearing fund should be based on a formula that applies to users on a uniform, nondiscriminatory basis. The Commission believes that ISCC's proposal is consistent with these guidelines.¹⁴ The clearing fund formula continues to be based upon the risk factors created by LSE's method of settlement (*i.e.*, time, market, and foreign exchange risks). Furthermore, ISCC's proposed changes do not alter the uniform application of the clearing fund formula to all ISCC members in accordance with their usage of the LSE link established by the linkage agreement between ISCC and LSE.¹⁵

ISCC 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 the filing. The Commission finds good cause for so approving the proposed rule change

because (i) approval of the current clearing fund formula will expire on July 18, 1995, (ii) the LSE already has implemented the five day rolling settlement system, and (iii) application of an amended clearing fund formula is critical to the clearance and settlement of transactions under the shorter T+5 settlement time frame.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submission should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington D.C. 20549. Copies of the submissions, 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 5th Street, N.W., Washington, D.C. 20549. Copies of such filings will also be available for inspection and copying at the principal office of ISCC. All submissions should refer to the file number SR-ISCC-95-03 and should be submitted by August 11, 1995.

It Is Therefore Ordered, pursuant to section 19(b)(2) of the Act, that the proposed rule change (File No. SR-ISCC-95-03) be, and hereby is, temporarily approved through August 1, 1996.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁶

Margaret H. McFarland,

Deputy Secretary.

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¹⁰ The Foreign Exchange Factor is the product of the Gross Debit Value and the Estimated Foreign Exchange Volatility less the product of the Gross Debit Value times the Market Risk Factor times the Estimated Foreign Exchange Volatility.

¹¹ During the period from 1989 to 1992, the maximum fluctuation in the U.S. Dollar-British Pound exchange rate was 4.445%. ISCC will continue to review annually the foreign exchange risk factor.

¹² 15 U.S.C. 78q-1(b)(3)(F) (1988).

¹³ Securities Exchange Act Release No. 16900 (June 17, 1980), 45 FR 41920.

¹⁴ ISCC has agreed that prior to the expiration of this order it will report to the Commission the average level of clearing fund deposits for each participant under the ten day settlement cycle and the five day settlement cycle. In addition, ISCC has agreed to report to the Commission how frequently it required each participant to deposit the largest clearing fund deposit over the prior fifty-two weeks rather than the current calculation amount.

¹⁵ The linkage agreement between ISCC and LSE, dated December 22, 1988, allows ISCC to obtain comparison and settlement services in the United Kingdom from the LSE on behalf of ISCC members.

¹⁶ 17 CFR 200.30-3(a)(12) (1994).

[Release No. 34-35977; File No. SR-MBS-95-03]

Self-Regulatory Organizations; MBS Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Modifying MBS Clearing Corporation's Schedule of Charges for Hardcopy Output of Reports

July 17, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on June 5, 1995, the MBS Clearing Corporation ("MBS") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-MBS-95-03) as described in Items I, II, and III below, which Items have been prepared primarily by MBS. 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 modifies MBS's Schedule of Charges for hardcopy output of reports.

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

In its filing with the Commission, MBS 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. MBS 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 purpose of the proposed rule change is to modify MBS's Schedule of Charges for hardcopy output of reports. MBS currently charges its participants \$.10 per page for requests for hardcopy output of reports from microfiche and the Securities Industry Automation Corporation ("SIAC"). The proposed rule change increases MBS's fee for requests for hardcopy output from microfiche from \$.10 per page to \$1.00 per page. The new fee more accurately

reflects the costs incurred by MBS to provide hardcopy output from microfiche. The fee for hardcopy output from SIAC, however, will remain unchanged at \$.10 per page.

MBS believes that the proposed rule change is consistent with Section 17A(b)(3)(D) of the Act³ and the rules and regulations thereunder in that it provides for the equitable allocation of reasonable dues, fees, and other charges among its participants.

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

MBS does not believe that the proposed rule change will have an impact on 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

No written comments relating to the proposed rule change have been solicited or received. MBS will notify the Commission of any written comments received by MBS.

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) of the Act⁴ and pursuant to Rule 19b-4(e)(2) promulgated thereunder⁵ because the proposed rule change establishes a due, fee, or other charge imposed by MBS. At any time within sixty days of the filing of such 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.

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 Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of MBS. All submissions should refer to File No. SR-MBS-95-03 and should be submitted by August 11, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,
Deputy Secretary.

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[Release No. 34-35978; File No. SR-MBS-95-04]

Self-Regulatory Organizations; MBS Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Modifying Fees for the Electronic Pool Notification Service

July 17, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on June 16, 1995, the MBS Clearing Corporation ("MBS") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-MBS-95-04) as described in Items I, II, and III below, which Items have been prepared primarily by MBS. 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 modifies the account maintenance fee for the Electronic Pool Notification ("EPN") service.

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

In its filing with the Commission, MBS 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

¹ 15 U.S.C. 78s(b)(1) (1988).

² The Commission has modified the language in these sections.

³ 15 U.S.C. 78q-1(b)(3)(D) (1988).

⁴ 15 U.S.C. 78s(b)(3)(A)(ii) (1988).

⁵ 17 CFR 240.19b-4(e)(2) (1994).

⁶ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1) (1988).