

Quotation Information ("Plan") to permanently approve the pilot program providing for the dissemination of certain implied volatility quotations on selected foreign currency options ("FCOs") by PHLX through selected vendors, rather than through the OPRA system.

OPRA has designated this proposal as concerned solely with the administration of the Plan, permitting it to become effective upon filing pursuant to Rule 11Aa3-2(c)(3)(ii) under the Exchange Act. The Commission is publishing this notice to solicit comments from interested persons on the amendment.

#### I. Description and Purpose of the Amendment

OPRA requests permanent approval of the pilot program that was originally filed on May 15, 1992,<sup>2</sup> providing for the dissemination of certain implied volatility quotations in FCOs directly by PHLX through selected vendors, rather than through the OPRA system.<sup>3</sup> OPRA has given further consideration to the need for, and benefits of, implied volatility information pertaining to foreign currency options, and has concluded that such information should continue to be available to investors. Rather than modify the OPRA system to enable volatility quotations to be transmitted directly, OPRA believes it is more efficient to continue to permit PHLX to disseminate this information, especially in light of the unbundling of FCO information.<sup>4</sup>

The purpose of the pilot program has been to permit PHLX to accommodate those institutional investors in FCOs who desire to receive indications of the current state of the FCO market expressed in implied volatility quotations. These quotations serve only as indicators of the state of the market; actual trading in FCOs continues to be conducted through bids and offers expressed in terms of the prices at which options may be bought or sold, and such bids and offers continue to be disseminated over the OPRA system.

<sup>2</sup> Securities Exchange Act Release No. 30906 (July 9, 1992), 57 FR 21546 (July 16, 1992). The pilot has been extended three times subsequent to its initial filing. See Securities Exchange Act Release Nos. 32152 (April 15, 1993), 58 FR 21481 (April 21, 1993); 32771 (August 19, 1993), 58 FR 44865 (August 25, 1993); 34851 (October 18, 1994), 59 FR 53689 (October 25, 1994).

<sup>3</sup> An "implied volatility quotation" is a measure of the volatility of the security underlying an option derived by solving a standard options valuation formula for the volatility factor at an assumed premium level.

<sup>4</sup> See Securities Exchange Act Release No. 35487 (March 14, 1995), 60 FR 14984 (March 21, 1995).

#### II. Solicitation of Comments

Pursuant to Rule 11Aa3-2(c)(3), the amendment is effective upon filing with the Commission. The Commission may summarily abrogate the amendment within 60 days of its filing and require refiling and approval of the amendment by Commission order pursuant to Rule 11Aa3-2(c)(2), if it appears to the Commission that such action is necessary or appropriate in the public interest; for the protection of investors and the maintenance of fair and orderly markets; to remove impediments to, and perfect the mechanisms of, a National Market System; or otherwise in furtherance of the purposes of the Exchange Act.

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, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, and 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 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. Copies of the filing also will be available at the principal offices of OPRA. All submissions should refer to file number SR-OPRA-95-6 and should be submitted by January 26, 1996.

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

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-36674; File No. SR-GSCC-95-06]

#### Self-Regulatory Organizations; Government Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Fees Charged for Various Services

January 3, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

<sup>5</sup> 17 CFR 200.30-3(a)(29).

("Act"),<sup>1</sup> notice is hereby given that on November 29, 1995, 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. On December 12, 1995, GSCC amended its filing to clarify certain references in the rule change.<sup>2</sup> 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 purpose of the proposed rule change is to modify GSCC's fee schedule to enable GSCC to begin charging members for GSCC services related to repurchase agreement ("repo") transactions.<sup>3</sup>

#### 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 that 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 such statements.<sup>4</sup>

##### (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 impose fees for repo services provided on and after December 1, 1995. On May 12, 1995, GSCC implemented its repo comparison service.<sup>5</sup> At that time, GSCC decided not to charge for the comparison of repo transactions until a sufficient number of

<sup>1</sup> 15 U.S.C. § 78s(b)(1) (1988).

<sup>2</sup> Letter from Jeffrey F. Ingber, General Counsel and Secretary, GSCC, to Christine Sibille, Division of Market Regulation, Commission (December 7, 1995).

<sup>3</sup> The fee schedule is attached as Exhibit A to File No. SR-GSCC-95-06 and is available for review in the Public Reference Section of the Commission.

<sup>4</sup> The Commission has modified the text of the summaries prepared by GSCC.

<sup>5</sup> For a complete description of the repo comparison service, refer to Securities Exchange Act Release No. 35557 (March 31, 1995), 60 FR 17598 [File No. SR-GSCC-94-10] (order approving proposed rule change relating to implementing a comparison service for repo transactions involving government securities as the underlying instrument).

GSCC members were participating in the repo comparison process so as to provide an economic benefit to those members. At this time, forty-six members are participating in the repo comparison process. Currently, each day GSCC compares an average of 2,317 repo transactions with a value of approximately \$79.3 billion and has achieved an overall comparison rate of 93.07 percent.

In view of this, GSCC's Board of Directors has determined that it is appropriate to begin to charge for the repo comparison service. GSCC proposes to establish a 50¢ per side transaction fee for the comparison of a repo transaction.<sup>6</sup> The fee is for the comparison of the entire repo transaction (*i.e.*, both the start and close legs). Similarly to buy/sell transactions, GSCC will impose a 25¢ fee to process a request to modify or cancel a comparison input relating to a repo transaction.

On November 17, 1995, GSCC implemented the first phase of its planned repo netting services, which provides netting, settlement, and guarantee of settlement services for the non-same-day settling aspects of overnight and term repos.<sup>7</sup> Therefore, another purpose of this filing is to establish a \$1.00 per side fee for the netting of a start of close leg of a repo transaction by GSCC. This fee is the same as the fee for the netting of a side of a buy/sell transaction.

GSCC will incur administrative and operational expenses in the course of maintaining forward settling repos on its records and in providing risk management services for such repos, including daily mark-to-market. Therefore, this proposed rule change establishes a fee of 2¢ per calendar day for each start leg and close leg that has been compared and netted but has not yet settled.<sup>8</sup>

In order to ensure that coupon payments related to the collateral underlying the repo are collected by the

appropriate party, GSCC will automatically pass the coupon payment from the holder of the securities to the funds borrower when a coupon payment date falls between the settlement date of the start leg and the settlement date of the close leg. To cover the administrative and operational expenses incurred in the course of providing this coupon pass-through service, GSCC is imposing a 25¢ fee per coupon movement on both the securities holder and the funds borrower.<sup>9</sup>

Finally, it should be noted that the Board of Directors of GSCC has determined that because GSCC's repo comparison and netting services are new, they will not at this time be subject to GSCC's discount policy.<sup>10</sup> Therefore, GSCC is amending Section VI of its fee structure to provide that its discount pricing policy is not intended to apply to a newly provided service until GSCC's Board of Directors determines it to be sufficiently established.

Section 17A(b)(3)(D) of the Act<sup>11</sup> requires that the rules of a clearing agency provide for the equitable allocation of reasonable dues, fees, and other charges among its participants. GSCC believes that the proposed rule change is consistent with the requirements of Section 17A(b)(3)(D) of the Act because its new fee schedule allocates its fees equitably among its participants.

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

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

Comments on the proposed rule change have not yet been solicited. Members will be notified of the rule filing in an important notice and comments will be solicited. GSCC will notify the Commission of any written comments received by GSCC.

<sup>9</sup>This fee also will apply to coupon movements made for fail settlement positions.

<sup>10</sup>Under GSCC's discount policy, GSCC may discount its fees during a given month if the revenue received is in excess of the amount GSCC needs to maintain a sufficient capital base and sound financial structure.

<sup>11</sup>15 U.S.C. § 78q-1(b)(3)(D) (1988).

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)<sup>12</sup> of the Act and Rule 19b-4(e)(2)<sup>13</sup> thereunder because the rule change establishes or changes a due, fee, or other charge. At any time within sixty 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.

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 Room, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of GSCC. All submissions should refer to the File No. SR-GSCC-95-06 and should be submitted by January 31, 1996.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>14</sup>

Margaret H. McFarland,  
Deputy Secretary.

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<sup>6</sup>The 50¢ fee is for computer-to-computer input and output. If a member uses input or output other than computer-to-computer (*i.e.*, magnetic tape input or output or paper output) the fee rises to \$1.00 to \$1.50, which is comparable to the fees for buy/sell transactions.

<sup>7</sup>For a complete description of these netting services, refer to Securities Exchange Act Release No. 36491 (November 17, 1995), 60 FR 61577 [File No. SR-GSCC-95-02] (order approving a proposed rule change relating to netting services for the non-same-day-settling aspects of next-day and term repos).

<sup>8</sup>Because GSCC does not currently net start legs until the scheduled settlement date for such leg, this fee currently is not applicable to start legs. The fee also does not apply to close legs that settle one business day after the settlement date for the related start leg.

<sup>12</sup>15 U.S.C. § 78s(b)(3)(A)(ii) (1988).

<sup>13</sup>17 CFR 240.19b-4(e)(2) (1994).

<sup>14</sup>17 CFR 200.30-3(a)(12) (1994).