

Southwestern Electric Power Company (70-8763)

Southwestern Electric Power Company ("SWEPCO"), 428 Travis Street, Shreveport, Louisiana 71101, an electric public-utility subsidiary company of Central and South West Corporation, a registered holding company under the Act, has filed an application under sections 9(a) and 10 of the Act.

By order dated November 28, 1947 (HCAR No. 7869), the Commission authorized the acquisition by SWEPCO, Arkansas Power & Light ("AP&L") and Oklahoma Gas & Electric Company ("OG&E"), respectively, of 160, 170 and 170 shares of common stock of The Arklaohma Corporation ("Arklaohma"). Arklaohma was formed jointly by AP&L, OG&E and SWEPCO and currently owns certain facilities consisting of a 161 KV transmission line extending for 166 miles from Lake Catherine, Arkansas to Boudinot Tap, near Tahlequah, Oklahoma, the Lake Catherine substation at a terminus of said transmission line and certain property incidental thereto.

Such facilities are jointly leased to AP&L, OG&E and SWEPCO pursuant to an Agreement and Indenture, dated as of December 9, 1947, as extended by an Extension of Agreement and Indenture, dated September 6, 1977 (collectively, the "Lease") and are jointly operated by AP&L, OG&E and SWEPCO pursuant to an Operating Agreement, dated December 9, 1947 ("Operating Agreement"). In accordance with the terms of the Operating Agreement, (a) each party is entitled to use up to but not in excess of one-third of the capacity of such facilities without payment to the other parties, and (b) all advances, costs and other charges incurred under the Lease are borne equally by the parties.

SWEPCO now proposes to purchase 78 shares of common stock of Arklaohma, from OG&E for an aggregate purchase price of approximately \$54,288. OG&E has represented to SWEPCO that, in order to facilitate the formation by OG&E of a holding company system exempt from the registration requirements of the Act, OG&E desires to reduce its percentage ownership of Arklaohma common stock to less than 5% by selling 68 shares to AP&L and 78 shares to SWEPCO.

Upon completion of the aforementioned stock sale transactions, AP&L's ownership of Arklaohma common stock would increase from 34% to 47.6%, SWEPCO's ownership would increase from 32% to 47.6% and OG&E's ownership would be reduced from 34% to 4.8%. The sale of the

shares will not affect the rights and obligations of the parties under the Lease and the Operating Agreement. Although each party has an option to purchase the facilities and terminate the Lease, SWEPCO states that it has no current intention to do so and knows of no current intention on the part of either OG&E or AP&L to do so.

The purchase price for the shares will be based on the book value of Arklaohma common stock immediately prior to the proposed sale. It is estimated that the book value of Arklaohma common stock immediately prior to the sale will be approximately \$348,000 (or \$696 per share), resulting in a purchase price of approximately \$54,288 for the 78 shares to be acquired by SWEPCO.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-36743; File Nos. SR-SCCP-95-04 and SR-Philadep-95-06]

Self-Regulatory Organizations; Stock Clearing Corporation of Philadelphia and Philadelphia Depository Trust Company; Order Approving Proposed Rule Changes Authorizing the Release of Clearing Data Relating to Participants

January 19, 1996.

On July 7, 1995, the Stock Clearing Corporation of Philadelphia ("SCCP") and the Philadelphia Depository Trust Company ("Philadep") filed with the Securities and Exchange Commission ("Commission") proposed rule changes (File Nos. SR-SCCP-95-04 and SR-Philadep-95-06) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").¹ On August 17, 1995, SCCP and Philadep each filed an amendment to its proposed rule change to clarify the parties to whom SCCP and Philadep will release clearing data and to define the term clearing data.² On September 25, 1995, SCCP and Philadep each filed a second amendment to its proposed rule change to supersede the prior amendments.³ On November 16, 1995, SCCP and Philadep each filed a

¹ 15 U.S.C. 78s(b)(1) (1988).

² Letters from Sharon S. Metzker, Staff Counsel, SCCP and Philadep, to Peter R. Geraghty, Senior Counsel, Division of Market Regulation ("Division"), Commission (August 15, 1995).

³ Letter from Sharon S. Metzker, Staff Counsel, SCCP and Philadep, to Peter R. Geraghty, Senior Counsel, Division, Commission (September 22, 1995).

third amendment to its proposed rule change to make certain technical corrections.⁴ Notice of the proposals as amended was published in the Federal Register on November 29, 1995.⁵ No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule changes.

I. Description of the Proposal

The purpose of the respective proposed rule changes is to modify SCCP Rule 28 and to add Rule 32 to Philadep's rules to authorize SCCP and Philadep to release data relating to their respective participants' clearance and settlement activities to authorized parties for risk monitoring and regulatory purposes. SCCP and Philadep receive transaction data and other data relating to their participants in the normal course of business. The rule changes set forth SCCP's and Philadep's obligations to preserve their participants' rights with respect to such data and the conditions under which SCCP and Philadep will disclose such data.

The rules will permit SCCP and Philadep to disclose such data to regulatory organizations, self-regulatory organizations, clearing organizations affiliated with or designated by contract markets trading specific futures products under the oversight of the Commodity Futures Trading Commission, and others under certain conditions. The rule changes generally provide that the release of a participant's clearing data shall be conditioned upon either the submission of a written request or the execution of a written agreement.⁶ The rules also define "clearing data" to mean transaction and other data which is received by SCCP and Philadep in the clearance and/or settlement process or such data, reports, or summaries which may be produced as a result of processing such data.

The rule changes also will facilitate SCCP's and Philadep's participation in the National Securities Clearing Corporation's ("NSCC") Collateral Management Service ("CMS").⁷ The

⁴ Letter from Sharon S. Metzker, Staff Counsel, SCCP and Philadep, to Christopher Concannon, Division, Commission (November 10, 1995).

⁵ Securities Exchange Act Release No. 36506 (November 22, 1995), 60 FR 61281.

⁶ As self-regulatory organizations, SCCP and Philadep are authorized to cooperate and share data with other regulatory or self-regulatory organizations for regulatory purposes.

⁷ Generally, the CMS will provide participating participants and clearing agencies with access to information regarding clearing fund, margin, and other similar requirements and deposits. For a

proposals will enable SCCP and Philadep to provide information regarding their respective participants funds, including excess or deficit amounts, and to provide comprehensive data on underlying collateral to NSCC for inclusion in the CMS. Participants of SCCP or Philadep that desire access to the CMS data will be required to execute a CMS participation application.

II. Discussion

Section 17A(b)(3)(F) 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.⁸ The Commission believes the proposed rule changes are consistent with SCCP's and Philadep's obligations under Section 17A(b)(3)(F) because the proposals set forth SCCP's and Philadep's responsibilities and obligations with regard to the release of participants' clearing data and facilitate SCCP's, Philadep's, and their participants' participation in NSCC's CMS by enabling SCCP and Philadep to provide information regarding their participants to NSCC for the CMS. The participation of SCCP, Philadep, and their participants in NSCC's CMS should help SCCP, Philadep and other clearing agencies to better monitor clearing fund, margin, and other similar required deposits that protect clearing agencies against loss should a member default on its obligations to the clearing agency.⁹

complete description of the CMS, refer to Securities Exchange Act Release No. 36091 (August 5, 1995), 60 FR 30912 [File No. SR-NSCC-95-06] (order approving the CMS).

⁸ 15 U.S.C. 78q-1(b)(3)(F) (1988).

⁹ NSCC's CMS will be especially beneficial to those participating clearing entities that have executed cross-guaranty agreements or have other cross-guarantee arrangements. Currently, SCCP and Philadep have a cross-guarantee arrangement between themselves but not between themselves and other clearing entities. The Commission supports the use of cross-guaranty agreements and other similar arrangements among clearing agencies as a method of reducing clearing agencies' risk of loss due to a common participant's default and encourages SCCP and Philadep to explore such agreements or arrangements with other clearing entities.

Generally, a cross-guaranty agreement, as the one between The Depository Trust Company ("DTC") and NSCC, provides that in the event of a default of a common member, any resources remaining after the failed common member's obligations to the guaranteeing clearing agency have been satisfied will be made available to the other clearing agency. The guaranty is not absolute but rather is limited to the extent of the resources relative to the failed member remaining at the guaranteeing clearing agency. The principal resources will be the failed member's settlement net credit balances and deposits to the clearing agencies' clearing funds. For a complete description of DTC's and NSCC's

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposals are consistent with the requirements of Section 17A(b)(3)(F) 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 changes (File Nos. SR-SCCP-95-04 and SR-Philadep-95-06) be, and hereby are, approved.

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

Margaret H. McFarland,
Deputy Secretary.

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[Release No. 34-36740; File No. SR-MCC-95-05]

Self-Regulatory Organizations; Midwest Clearing Corporation; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Relating to a Contingency Plan for Participants in Connection With Midwest Clearing Corporation's Decision to Withdraw From the Securities Clearing Business

January 19, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on December 26, 1995, the Midwest Clearing Corporation ("MCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which items have been prepared primarily by MCC. On January 11, 1996, MCC filed an amendment to the proposed rule change to clarify certain provisions in the proposal.² 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

MCC proposes to add an Article XI, Sponsored Accounts, to its rules to limit the types of persons and entities that are eligible to be participants at MCC and to provide for a contingency, to be

agreement, refer to Securities Exchange Act Release No. 33548 (January 31, 1994), 59 FR 5638 [File Nos. SR-DTC-93-08 and SR-NSCC-93-07].

¹⁰ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1) (1988).

² Letter from David T. Rusoff, Foley & Lardner, to Peter Geraghty, Division of Market Regulation, Commission (January 11, 1996).

implemented solely at MCC's discretion, in the event that certain MCC participants have not made arrangements with alternate service providers by January 19, 1996.³

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

In its filing with the Commission, MCC 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. MCC has prepared summaries, set forth in section (A), (B), and (C) below, of the most significant aspects of such statements.⁴

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

On January 5, 1996, the Commission approved a proposed rule change filed by MCC relating to its withdrawal from the securities clearance and settlement business in conjunction with an agreement with the National Securities Clearing Corporation ("NSCC").⁵ Under the agreement with NSCC, MCC and its parent, the Chicago Stock Exchange ("CHX"), will provide certain floor members and member organizations of the CHX with access to the services offered by NSCC through sponsored accounts with NSCC. This filing implements that portion of the transaction and provides a contingency plan, to be implemented solely at MCC's discretion, for current participants of MCC that are unable to find alternative clearance and settlement services by January 19, 1996.

Pursuant to its agreement with NSCC, MCC will become a member of NSCC and may sponsor Temporary Sponsored Participants ("TSP") and Sponsored Participants ("SP") at NSCC. MCC will maintain subaccounts at NSCC for each TSP and SP. The purpose of the TSP membership category is to provide existing participants of MCC temporary

³ MCC's filing refers to January 15, 1996, as the date by which MCC participants must have made arrangements with alternate service providers. This date was postponed to January 19, 1996. Telephone conversation between J. Craig Long, Foley & Lardner, [counsel to MCC], and Jerry Carpenter, Assistant Director, Peter Geraghty, Senior Counsel, and Cheryl Tumlin, Staff Attorney, Division of Market Regulation, Commission (January 18, 1996).

⁴ The Commission has modified the text of the summaries prepared by MCC.

⁵ For a description of the agreement, refer to Securities Exchange Act Release No. 36684 (January 5, 1996), [File No. SR-MCC-95-04] (order approving proposed rule change).