

deposited with DCC no later than 5:00 p.m. on the applicable business day. If additional margin is required, DCC may apply towards a participant's exposures on overnight repos excess margin maintained by the participant with DCC which is not then being used to collateralize other margin obligations to DCC. However, DCC may not apply a participant's core margin amount maintained with DCC towards other margin obligations to DCC arising from options transactions or term repos.

In connection with the proposed rule change, DCC agreed that during the temporary approval period it will submit to the Commission on a monthly basis reports detailing the operation of the new margining system for overnight repos. DCC instituted the new margining system on July 1, 1997, and has been providing reports to the Commission since that time. In response to a request from the Commission, DCC has amended the format of the report to provide additional information to the Commission. The first report incorporating the revised format was filed by DCC with the Commission in September 1997.

DCC believes the proposed extension of the temporary approval of the proposed rule change is consistent with the requirements of Section 17A of the Act<sup>6</sup> and the rules and regulations promulgated thereunder because the proposed rule change will better enable DCC to safeguard the funds and securities under its possession and control by amending DCC's procedures to assure that it has adequate collateral to address a participant's default or insolvency.

#### *B. Self-Regulatory Organization's Statement on Burden on Competition*

DCC does not believe that the proposed rule change will impact 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*

Comments were neither solicited nor received.

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

Section 17A(b)(3)(F)<sup>7</sup> 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 DCC's proposed rule change is consistent with DCC's obligations under the Act because the proposal establishes: (1) a minimum core margin requirement to reflect DCC's exposure to each participant's overnight repo activity and (2) an intraday margin requirement that is triggered if a participant's mark-to-market exposure is valued at more than 65 percent of the core requirement. Therefore, the Commission believes that the proposal should provide to DCC margin in an amount that will assist DCC in meeting its obligation to safeguard securities and funds.

Currently, DCC has operated its new margining system for only three months. Therefore, the Commission believes that it is appropriate to extend temporary approval of the proposal in order that the Commission and DCC will have opportunity to further monitor the effectiveness of the new system in practice. Accordingly, the Commission is temporarily approving the proposed rule change through March 31, 1998. During this temporary approval period, DCC should continue to submit on a monthly basis reports detailing its analysis of its overnight repo margining system.

DCC 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 approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing because accelerated approval will allow DCC to continue to use its overnight repo margining procedures without interruption when the current temporary approval period expires on September 30, 1997.

### **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, N.W., Washington, D.C. 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, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of DCC. All submissions should refer to the File No. SR-DCC-97-11 and should be submitted by October 28, 1997.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-DCC-97-11) be, and hereby is, approved through March 31, 1998.

For the Commission by the Division of Market Regulation, pursuant to delegated authority:<sup>8</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## **SMALL BUSINESS ADMINISTRATION**

### **State of Michigan**

#### **[Amendment #3]**

#### **Declaration of Disaster #2965**

In accordance with information received from the Federal Emergency Management Agency dated September 19, 1997, the above-numbered Declaration is hereby amended to extend the deadline for filing applications for physical damage as a result of this disaster to October 7, 1997.

All other information remains the same, i.e., the deadline for filing applications for economic injury is April 13, 1998.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008)

Dated: September 26, 1997.

**Bernard Kulik,**

*Associate Administrator for Disaster Assistance.*

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## **SMALL BUSINESS ADMINISTRATION**

### **Declaration of Disaster #2982; State of New Jersey**

As a result of the President's major disaster declaration on September 23, 1997, I find that Atlantic County in the State of New Jersey constitutes a disaster area due to damages caused by severe storms and flooding which occurred August 20-21, 1997. Applications for loans for physical

<sup>6</sup> 15 U.S.C. 78q-1.

<sup>7</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>8</sup> 17 CFR 200.30-3(a)(12).