

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

No comments were solicited or received.

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

Because the foregoing proposed rule change: (1) does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) does not become operative for 30 days from September 16, 1997, the date on which it was filed, and the Exchange provided the Commission with written notice of its intent to file the proposed rule change at least five days prior to the filing date, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁸ and rule 19b-4(e)(6)⁹ thereunder.

At any time within 60 days of the filing of the 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 submission should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 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 Room, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of the CHX. All submissions should refer to file number SR-CHX-97-23 and should be submitted by October 28, 1997.

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 19b-4(e)(6).

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-26521 Filed 10-6-97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39174; File No. SR-DCC-97-11]

Self-Regulatory Organizations; Delta Clearing Corp.; Notice of Filing and Order Granting Accelerated, Temporary Approval of a Proposed Rule Change Relating to Margin Requirements for Repurchase Agreements

September 30, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on September 16, 1997, Delta Clearing Corp. ("DCC") filed with the Securities and Exchange Commission ("Commission") and on September 24, 1997, amended the proposed rule change (File No. SR-DCC-97-11) as described in Items I and II below, which items have been primarily prepared by DCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and to grant accelerated approval of the proposed rule change through March 31, 1998.

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 extend the temporary approval for DCC's rules regarding the collection of margin for overnight repurchase and reverse repurchase agreements ("overnight repos").

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

In its filing with the Commission, DCC included statements concerning the purpose of and basis for the proposed rule change and any comments received by DCC on the proposed rule change.

The text of these statements may be examined at the places specified in Item IV below. DCC 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

DCC seeks an extension of the temporary approval of its rules relating to the collection of margin for overnight repos. On April 2, 1997, the Commission granted approval of DCC's overnight repo margining rules through September 30, 1997.³

Prior to the proposed rule change, DCC calculated each participant's margin requirement for all repos, including overnight repos, at the end of each business day and required margin to be deposited by 11:00 a.m. the next business day. DCC does not believe that this procedure is appropriate for overnight repos because overnight repos terminate on the following day. As a result, DCC amended its procedures for calculating and collecting margin for overnight repos.⁴

These procedures require each participant which engages in overnight repos to deposit with DCC as core margin either \$1 million or a greater amount as determined by DCC at the end of each week based upon the participant's daily overnight repo exposures during the eight prior weeks.⁵ If DCC determines as a result of any weekly calculation that a participant is required to maintain a higher core margin amount on deposit with DCC, DCC will notify the participant of such higher core margin requirement by 3:00 p.m. on the date of the calculation, and the participant is required to deposit by 11:00 a.m. on the following business day margin whose value equals or exceeds the participant's additional margin requirement. Such deposit must be in cash or U.S. Treasury securities.

In addition to the weekly calculation described above, DCC calculates on each business day each participant's mark-to-market exposure from overnight repos. If a participant's exposure from overnight repos exceeds 65 percent of the participant's core margin requirement, DCC requires the participant to deposit additional margin equal to the amount of such excess. Such additional margin must be

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

³ Securities Exchange Act Release No. 38471 (April 2, 1997), 62 FR 17257.

⁴ See *id.* for a detailed description of the proposal.

⁵ Overnight repos are defined as repo agreements whose off-date is the immediately succeeding business day following the on-date for such transactions. Term repos are defined as repo agreements whose off-date is two or more business days following the on-date for such transactions.

¹⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

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 Act⁶ 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)⁷ 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:⁸

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-26520 Filed 10-6-97; 8:45 am]

BILLING CODE 8010-01-M

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.

[FR Doc. 97-26512 Filed 10-6-97; 8:45 am]

BILLING CODE 8025-01-P

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

⁸ 17 CFR 200.30-3(a)(12).

⁶ 15 U.S.C. 78q-1.

⁷ 15 U.S.C. 78q-1(b)(3)(F).