

ACATS based on instructions from NSCC, the proposed rule change permits NSCC to establish links with other registered clearing agencies ("RCA"), such as DTC, PTC, and GSCC. Once an agreement has been reached with the applicable RCA, to the extent a transfer involves an asset position eligible for delivery at such RCA and both the receiving member and delivering member have an account there, NSCC will issue instructions to the applicable RCA indicating the delivering or receiving participant and the quantity of assets to be delivered and received. The instructions will not specify a value unless the transfer is between two members of NSCC and the assets to be transferred are government securities (where a nominal value shall be specified) ¹⁴ or mortgage-backed securities. If the assets are mortgage-backed securities, on settlement date NSCC will debit the deliverer the value and credit the receiver the value of the assets.

E. Indemnification Provision

The proposed rule change includes indemnification provisions similar to those currently in use by users of ACATS. While the revised rule includes such provisions, it does not preclude participants from entering into separate indemnification arrangements which are broader than those contained in the rule.

II. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder and particularly with the requirements of section 17A(b)(3)(F).¹⁵ Section 17A(b)(3)(A)(F) requires that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions. The Commission believes that NSCC's rule change meets this standard because the changes to ACATS such as the ability to electronically transfer accounts not only to and from broker-dealers but not to and from banks and other financial institutions, the ability to do partial transfers, the ability to make certain corrections to instructions, and the ability to electronically transfer U.S. government and mortgage-backed securities, should provide a more efficient method for the transfer of customer assets and should

encourage use by more financial institutions.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of sections 17A(b)(3) (A) and (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 change (File No. SR-NSCC-98-06) be and hereby is approved.

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

Margaret H. McFarland, Deputy Secretary.

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SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3146]

State of Kansas

As a result of the President's major disaster declaration on November 5, 1998, and an amendment thereto on November 9, 1998, I find that Butler, Chase, Coffey, Cowley, Franklin, Harvey, Lyon, Neosho, Sedgwick, Sumner, and Wilson counties in the State of Kansas constitute a disaster area due to damages caused by severe storms and flooding which occurred beginning October 30, 1998 and continuing. Applications for loans for physical damages may be filed until the close of business on January 4, 1999, and for loans for economic injury until the close of business on August 5, 1999 at the address listed below or other locally announced locations: Small Business Administration, Disaster Area 3 Office, 4400 Amon Carter Blvd., Suite 102, Fort Worth, TX 76155.

In addition, applications for economic injury loans from small businesses located in the contiguous counties of Allen, Anderson, Bourbon, Chautauqua, Crawford, Douglas, Elk, Greenwood, Harper, Kingman, Johnson, Labette, Linn, Marion, McPherson, Miami, Montgomery, Morris, Osage, Reno, Wabaunsee, and Woodson in the State of Kansas; and Grant, Kay, and Osage in the State of Oklahoma may be filed until the specified date at the above location.

The interest rates are:

	Percent
Physical Damage:	
Homeowners with credit available elsewhere	6.750
Homeowners without credit available elsewhere	3.375
Businesses with credit available elsewhere	8.000
Businesses and non-profit organizations without credit available elsewhere	4.000
Others (including non-profit organizations) with credit available elsewhere	7.000
For Economic Injury:	
Businesses and small agricultural co-operatives without credit available elsewhere	4.000

The number assigned to this disaster for physical damage is 314611 and for economic injury the numbers are 9A5100 for Kansas and 9A5200 for Oklahoma.

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

Dated: November 10, 1998.

Bernard Kulik,

Associate Administrator for Disaster Assistance.

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SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3145]

State of Texas; Amendment #2

In accordance with a notice from the Federal Emergency Management Agency dated November 6, 1998, the above-numbered Declaration is hereby amended to include the Counties of Atascosa, Brazoria, Galveston, Liberty, Matagorda, Nueces, and San Jacinto in the State of Texas as a disaster area due to damages caused by severe storms, flooding, and tornadoes which occurred October 17 through October 31, 1998.

In addition, applications for economic injury loans from small businesses located in the following contiguous counties may be filed until the specified date at the previously designated location: Frio, Hardin, Jefferson, Jim Wells, Kleberg, La Salle, McMullen, Polk, and Trinity in the State of Texas. Any counties contiguous to the above-named primary counties and not listed herein have been previously declared.

All other information remains the same, i.e., the deadline for filing applications for physical damage is December 19, 1998 and for economic injury the termination date is July 19, 1999.

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

¹⁴ On June 17, 1998, NSCC amended the proposed rule change (File No. NSCC-98-06) to include the transfer of government securities where a nominal value is specified.

¹⁵ 15 U.S.C. 78q-1(b)(3)(F) (1988).

¹⁶ 17 CFR 200.30-3(a)(12).