

for a joint World Customs Organization-UPU survey, and a review of current proposals within the UPU for changes to the terminal dues system. Participants will have an opportunity to express views during the meeting. Written comments on subjects to be covered at the meeting will be accepted at any time before or after this meeting and will be made available to interested parties.

Meeting date and time: January 26, 1999, 2:00–5:00 p.m.

Meeting place: Room 1107, 2201 "C" Street N.W., Washington, DC 20520–0001.

FOR FURTHER INFORMATION CONTACT: Ann Galer Ryan, (202) 647–1526.

Written submissions should be sent to: UPU Action Officer, IO/T, Room 5336, Department of State, Washington, DC 20520–0001, Fax: (202) 647–8902.

SUPPLEMENTARY INFORMATION:

Individuals or organization representatives with a substantive interest in international postal policies in the UPU may request to attend the meeting and join in the discussions. Entry into the State Department is controlled. Persons wishing to attend must send a fax to Cynthia Proctor at (202) 314–7160 no later than noon January 22, 1999, including the name of the meeting, individual's name, affiliation, social security number and date of birth. One of the following valid photo identifications will be required for admittance: U.S. driver's license, U.S. passport, or U.S. government identification (company identifications are not accepted by Diplomatic Security). Enter from the "C" Street lobby of the Department of State.

Stanley F. Mires,

Chief Counsel, Legislative.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–40889; File No. SR–MBSCC–98–04]

Self-Regulatory Organizations; MBS Clearing Corporation; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Regarding Year 2000 Testing

January 6, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on December 24, 1998, MBS Clearing Corporation ("MBSCC") filed with the Securities and Exchange Commission

("Commission") and on January 5, 1999, amended the proposed rule change as described in Items I and II below, which items have been prepared primarily by MBSCC. The Commission is publishing this notice and order to solicit comments from interested persons and to grant accelerated approval of the proposal.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Under the proposed rule change, MBSCC will require certain MBSCC participants to conduct Year 2000 testing with MBSCC.

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

In its filing with the Commission, MBSCC 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. MBSCC 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

The purpose of the proposed rule change is to add an addendum to MBSCC's rules regarding: participants that are required to conduct Year 2000 testing with MBSCC, participants that are exempt from Year 2000 testing with MBSCC, the scope of Year 2000 testing with MBSCC, reporting by participants, and remedial action for non-compliance.

Participants Required To Conduct Year 2000 Testing

All participants in MBSCC's Comparison and Clearing System ("clearing participants") and Electronic Pool Notification ("EPN") System ("EPN participants") with automated interfaces (*i.e.*, computer-to-computer interfaces and PC interfaces that use file uploads and downloads) to MBSCC are required to conduct Year 2000 testing with MBSCC.

Participants Exempt From Year 2000 Testing With MBSCC

Clearing participants and EPN participants that are terminal service

(*i.e.*, PC interfaces that do not use file uploads and downloads) only users are exempt and are not required to conduct Year 2000 testing with MBSCC.

Scope of Year 2000 Testing With MBSCC

Year 2000 testing is being conducted directly between MBSCC and clearing participants and EPN participants that are required to test with MBSCC. MBSCC, in consultation with the Mortgage-Backed Securities Focus Group of the Securities Industry Association ("SIA") Year 2000 Committee, determined not to participate in the industry-wide SIA Year 2000 tests due to the uniqueness of mortgage-backed securities. Instead, MBSCC's Year 2000 tests require clearing participants and EPN participants that are required to test with MBSCC to execute a test script designed to exercise functionality with MBSCC in a Year 2000 environment.

MBSCC conducted Year 2000 tests with certain clearing participants and EPN participants on June 6, 13, 25, and 27, 1998 ("June 1998 test") and October 3, 10, 17, 22, and 24, 1998, ("October 1998 test"). Clearing participants and EPN participants that successfully tested with MBSCC in the June 1998 test or in the October 1998 test or in both are not required to participate in additional Year 2000 testing with MBSCC.

MBSCC has scheduled an additional Year 2000 test cycle for clearing participants and EPN participants with automated interfaces to MBSCC that have not successfully tested with MBSCC. The additional Year 2000 test cycle is scheduled for January 30, February 6, February 20, February 25, and February 27, 1999.

MBSCC intends to conduct additional Year 2000 tests during 1999 and will advise clearing participants and EPN participants of the specific test dates by Administrative Bulletin.

MBSCC will determine whether a clearing participant or EPN participant has successfully tested with MBSCC based on the participant's satisfactory execution of the test script described above and based on timely and satisfactory completion of the testing survey described below. MBSCC will advise each clearing participant and EPN participant whether it has successfully tested with MBSCC. MBSCC may also periodically publish by Administrative Bulletin a list of the clearing participants and EPN participants that have successfully tested with MBSCC.

¹ 15 U.S.C. 78s(b)(1).

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

Reporting by Participants

Clearing participants and EPN participants that are required to participate in Year 2000 testing with MBSCC must promptly provide MBSCC with a testing survey upon completion of Year 2000 testing. The survey must be in the form prescribed by MBSCC, must be signed by a senior officer, and must indicate whether it is satisfied with the testing results and describing the processing environment in which the test was executed. Clearing participants and EPN participants that are required to participate in Year 2000 testing with MBSCC also must promptly provide MBSCC with such other information relating to the testing survey as MBSCC may require.

Remedial Action for Non-compliance

Each clearing participant that does not successfully participate in the scheduled tests will be required to post an increased minimum market margin differential deposit with MBSCC beginning October 1, 1999. The increased minimum market margin differential deposit will be as follows: October 1, 1999—100 additional basis points of net position; November 1, 1999—200 additional basis points of net position; December 1, 1999—300 additional basis points of net position; and January 3, 2000—300 additional basis points of net position. On and after February 1, 2000, MBSCC will have the authority to continue to require 300 additional basis points of net position if a clearing participant that has not successfully participated in the scheduled tests does not demonstrate adequate operational capabilities to process trades in the Year 2000. The increased minimum market margin differential deposit is designed to provide additional collateral that can be used if the clearing participant that has not successfully participated in the scheduled tests is unable to process trades due to Year 2000 problems.

MBSCC has the discretion to convert trades for settlement in the Year 2000 and destined for netting of clearing participants that do not successfully participate in the scheduled tests to trade-for-trade status. MBSCC also has the discretion to continue to convert trades destined for netting to trade-for-trade status if a clearing participant that has not successfully participated in the scheduled tests does not demonstrate adequate operational capabilities to process trades in the Year 2000. The conversion of trades destined for netting to trade-for-trade status is designed to eliminate the risk of a clearing participant being paired-off as a result of

the netting process with a clearing participant that has not successfully tested with MBSCC.

MBSCC will enforce the EPN user agreement that requires all pool notification information to be submitted through EPN regardless of whether an EPN participant has successfully participated in the scheduled tests. If an EPN participant that has not successfully participated in the scheduled tests has processing difficulties, it will need to use EPN terminal service to receive the message thereby not impacting the sending EPN participant. MBSCC will have additional terminals available at its site as a contingency for those EPN participants that experience processing difficulties. Enforcement of the EPN user agreement is designed to ensure that an EPN participant sending a message to an EPN participant that has not successfully participated in the scheduled tests will benefit from the Bond Market Association's good delivery guidelines.

The proposed addendum also contains a statement that it is in addition to and not a limitation of MBSCC's rights pursuant to its rules and procedures. The proposed addendum to MBSCC's rules will automatically expire at such time as MBSCC determines that clearing participants and EPN participants demonstrate adequate operational capabilities to process trades in the Year 2000. MBSCC will advise clearing participants and EPN participants of such determination by Administrative Bulletin.

MBSCC believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder. In particular, the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act,³ which requires that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and, in general, to protect investors and the public interest.

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

MBSCC does not believe that the proposed rule change will have an impact on 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

MBSCC advised participants of the proposed rule change by Administrative

Bulletins dated July 28, 1998, and September 18, 1998. No written comments relating to the proposed rule change have been received. MBSCC will notify the Commission of any written comments received by MBSCC.

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

Section 17A(b)(3)(F) of the Act⁴ 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 the proposed rule change is consistent with this obligation because the required Year 2000 testing with MBSCC should help MBSCC to address potential problems associated with certain members' Year 2000 readiness. As a result, MBSCC should be able to continue to provide for the prompt and accurate clearance and settlement of securities transactions before, on, and after Year 2000 without interruption.

MBSCC requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after the publication of notice of the filing. The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the publication of notice of the filing because such approval will allow MBSCC to implement its mandatory Year 2000 testing program in a timely manner.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. 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 Room, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such

³ 15 U.S.C. 78q-1(b)(3)(F).

⁴ 15 U.S.C. 78q-1(b)(3)(F).

filing will also be available for inspection and copying at the principal office of MBSCC. All submissions should refer to the File No. SR-MBSCC-98-04 and should be submitted by February 5, 1999.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁵ that the proposed rule change (File No. SR-MBSCC-98-04) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-922 Filed 1-14-99; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40887; File No. SR-NYSE-98-48]

Self-Regulatory Organizations; Notice of Filing and Order Granting Partial Accelerated Approval to Proposed Rule Change by the New York Stock Exchange, Inc. Instituting A Pilot Program To Amend Paragraph 902.02 of the Exchange's Listed Company Manual and Requested Permanent Approval of the Pilot Program

January 6, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 28, 1998, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the NYSE. The Commission is publishing this notice and order to solicit comments on the proposed rule change from interested persons and to grant accelerated approval to the portion of the proposed rule change instituting a three-month pilot program pending the Commission's review of the proposed rule change.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to implement a three-month pilot program (the "Pilot") to amend Paragraph 902.02 of the Exchange's Listed Company Manual

(the "Manual"). In addition, the Exchange seeks permanent approval of the proposed amendments to Paragraph 902.02 of the Manual. Paragraph 902.02 of the Manual contains the schedule of current listing fees for companies listing securities on the Exchange.

The text of the proposed rule change is available at the Office of the Secretary, NYSE and at the Commission.

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

In its filing with the Commission, the NYSE 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 III below. The NYSE has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The proposed rule change amends the listed company fee schedule, set forth in Paragraph 902.02 of the Manual, as it applies to certain business combinations. Specifically, the Exchange is codifying its long-standing interpretation of the term "amalgamation," and deleting language inconsistent with the application of that definition. Further, the Exchange is making non-substantive clarifications to the provision of the Manual that states that the fee for a company listing as a result of an amalgamation is 25% of the basic initial fee.

The Exchange's long-standing interpretation of the term "amalgamation" is the consolidation of two or more NYSE listed companies into a new company. It is proposed to codify this definition into Paragraph 902.02 of the Manual. While language to that effect currently exists in the Manual, a "housekeeping" change is required to clarify that (1) an amalgamation is defined as the consolidation of two or more NYSE listed companies into a new listed company, and (2) a reduced initial fee will be applied to listings resulting from an amalgamation.

A further housekeeping change is required as the result of a recent change to Paragraph 902.02 of the Manual, currently in effect as a pilot, which implemented a reduced listing fee for

mergers between an NYSE listed company and a non-NYSE listed company.³ Specifically, current language is being deleted from the rule that refers to the merger of listed companies into an unlisted company which becomes listed.⁴ This language is no longer necessary in light of the recent amendments.

2. Statutory Basis

The basis under the Act for the proposed rule change is the requirement under Section 6(b)(4)⁵ that an exchange have rules that provide for the equitable allocation of reasonable dues, fees and other charges among its members and issuers and other persons using its facilities.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition 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

The Exchange has neither solicited nor received written comments on the proposed rule change.

III. Solicitation of Comments

Interested persons are invited to submit written data views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. 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

³ See Exchange Act Release No. 40698; File No. SR-NYSE-98-40.

⁴ The Commission notes that when an NYSE listed company merges with another NYSE listed company that becomes unlisted and then lists on the NYSE, the full fee shall apply. Telephone conversation between Daniel Beyda, Associate General Counsel, NYSE; David Sieradzki, Special Counsel, Division of Market Regulation ("Division"), Commission; and Robert Long, Attorney, Division, Commission on January 4, 1999.

⁵ 15 U.S.C. 78f(b)(4).

⁵ 15 U.S.C. 78s(b)(2).

⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.