

enumerate all of the statutory categories of membership. In addition, GSCC's rules did not include applicant and membership financial standards as contemplated by Section 17A(b)(4)(B) of the Act. In its initial temporary registration order,¹⁷ the Commission stated that in developing member financial and operation standards, GSCC should ensure that the standards would allow GSCC to allocate losses resulting from member defaults in order to support GSCC's netting system. The Commission believes that GSCC's experience in operating a clearing and settlement facility for government securities transactions has provided GSCC with the necessary guidance to develop applicant and continuing membership standards for insurance companies that are both fair and adequate to protect GSCC and its participants from unreasonable risk.

The proposals also limits Netting System membership to the largest insurance companies in existence. The Standards Release notes that a clearing agency may discriminate among persons in the admission to the clearing agency if such discrimination is based on standards of financial responsibility, operational capability, experience, and competence. The Division believes that, at least initially, the limitations on the basis of capital appear to be reasonable as demonstrations of greater financial responsibility, operational capacity, experience and competence.

III. Conclusion

For the reasons stated above, the Commission finds that the proposed rule change is consistent with Section 17A of the Act.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-GSCC-94-07) be and hereby is approved.

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

Margaret H. McFarland,

Deputy Secretary.

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¹⁷ Securities Exchange Act Release No. 25740 (May 24, 1988), 53 FR 19639.

[Release No. 34-35638; File No. SR-ISCC-95-2]

Self-Regulatory Organizations; International Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Service Fees

April 24, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934¹ ("Act"), notice is hereby given that on April 3, 1995, International Securities Clearing Corporation ("ISCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by ISCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

ISCC is filing the proposed rule change to revise its fee schedule in accord with its current service costs and to make certain technical corrections thereto.

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

In its filing with the Commission, ISCC 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. Summaries are 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

The purpose of the proposed rule change is to adjust certain fees charged to ISCC participants for services to accurately reflect ISCC's current cost of providing such services. Fees for receipt of transaction instructions have been increased from \$1.50 to \$2.25 per item for instructions transmitted by a participant via computer platform and from \$3.00 to \$5.00 per item for instructions transmitted by a participant via mail, facsimile, or telex. Reporting fees for machine readable output, print image output, and hardcopy (via telex or

mail) have doubled to \$10.00, \$20.00, and \$50.00 per report, respectively, and duplicate copies of prior day reports also have doubled to \$50.00 per report requested. Participants will be charged for services in accordance with the new fee structure effective April 1, 1995. In addition, ISCC is deleting all references to "PORTAL" in the fee schedule which references should have been previously removed in connection with the elimination of the PORTAL program in 1994.²

The proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder because it provides for the equitable allocation of dues, fees, and other charges among ISCC's participants.

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

ISCC 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

No written comments have been solicited or received. ISCC will notify the Commission of any written comments received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii)³ of the Act, and pursuant to Rule 19b-4(e)(2)⁴ promulgated thereunder, insofar as the proposed rule change establishes or changes a due, fee, or other charge imposed by a self-regulatory organization. At any time within sixty days of the filing of such 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 submissions should file six copies thereof with the Secretary, Securities and Exchange

² Securities Exchange Act Release No. 34980, (November 16, 1994), 59 FR 60177 [File No. SR-ISCC-94-05].

³ 15 U.S.C. 78s(b)(3)(A)(ii) (1988).

⁴ 17 CFR 240.19b-4(e)(2) (1994).

¹ 15 U.S.C. 78s(b)(1) (1988).