

prepared primarily by NSCC. On June 2, 1995, NSCC filed an amendment to the proposed rule change to clarify which entities may be permitted to participate in the proposed service.² 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

The purpose of the proposed rule change is to establish the Collateral Management Service ("CMS") which will provide access to information regarding participants' clearing fund, margin, and other similar requirements and deposits at NSCC and other participating clearing entities. As proposed, participating clearing entities will include clearing agencies registered pursuant to Section 17A of the Securities Exchange Act³ and clearing organizations affiliated with or designated by contract markets trading specific futures products under the oversight of the Commodity Futures Trading 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, NSCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments that it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. NSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.⁴

(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 establish the CMS. The CMS will provide access to information regarding participants' clearing fund, margin, and other similar requirements and deposits at NSCC and other Participating Clearing Entities including excess or deficit amounts and comprehensive data on underlying collateral ("CMS data"). NSCC may provide the CMS data to participants of NSCC, to participating clearing entities,

and, if a participating clearing entity requests, to participants of such participating clearing entity. Each participant that desires access to the CMS data will be required to complete a CMS participation application. A participant's access to CMS data will be limited to the participant's own information. Similarly, a participating clearing entity's access to CMS data will be limited to only the CMS data of participants of such entity. A participant may request that NSCC exclude data relating to such participant from the CMS by completing a request to exclude data form.

Participating clearing entities will be required to sign and execute NSCC's CMS agreement. The CMS agreement sets forth NSCC's authorization from participating clearing entities to collect and provide information relating to participants' clearing fund and margin requirements and participants' clearing fund and margin deposits as contained in the Securities Clearing Group's ("SCG")⁵ data base and the Chicago Board of Trade Clearing Corporation's Pay Collect System ("BTCC System").⁶ The CMS agreement also authorizes NSCC to disseminate additional information provided by the participating clearing entities. The CMS agreement also addresses such matters as the confidentiality of CMS Data, additional parties, costs, and limitation of liability. At the time of this filing, The Depository Trust Company and The Options Clearing Corporation have agreed in principle to participate in CMS.

NSCC believes the proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder because the rule proposal will facilitate cooperation and coordination with persons engaged in the clearance and settlement of securities transactions.

⁵ The SCG was established in 1989 as a result of developments surrounding the October 1987 Market Break and subsequent studies on the causes of the Market Break. The stated purpose of the SCG is to increase cooperation and coordination among securities clearing entities and to facilitate the sharing of certain clearance and settlement information regarding surveillance and member risk monitoring. For a further description of the SCG, refer to Securities Exchange Act Release No. 27044 (July 25, 1989), 54 FR 30963 [File Nos. SR-DTC-88-20, SR-MCC-88-10, SR-MSTC-88-07, SR-NSCC-88-09, SR-OCC-89-02, SR-Philadep-89-01, and SR-SCCP-89-01] (order approving the establishment of the SCG).

⁶ The Chicago Board of Trade, through the Board of Trade Clearing Corporation, established the Shared Pay/Collect System which disseminates the daily pay/collects of all futures clearing firms which are affiliated with a participating futures exchanges.

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

NSCC 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

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

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

Within thirty-five days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to ninety days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which NSCC consents, the Commission will:

- (a) By order approve such proposed rule change or
- (b) Institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Person making written submission 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 NSCC. All submissions should refer to the file number SR-NSCC-95-06 and should be submitted by July 3, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁷

⁷ 17 CFR 200.30-3(a)(12) (1994).

² Letter from Anthony H. Davidson, Associate Counsel, NSCC, to Peter Geraghty, Division of Market Regulation, Commission (May 26, 1995).

³ 15 U.S.C. 78q-1 (1988).

⁴ The Commission has modified the text of the summaries submitted by NSCC.