

members' ability to obtain equipment or services that are integral to ISCC's services and that are provided by third parties. By enhancing the ability of ISCC's members to access ISCC's securities settlement services, the proposed rule change should promote the prompt and accurate clearance and settlement of securities transactions.

ISCC 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 so approving the proposed rule change because accelerated approval will facilitate ISCC members' ability to obtain on a timely basis certain computer hardware presently being offered by third parties in connection with certain ISCC services.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 17A 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-ISCC-96-02) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-37113; File No. SR-MCC-96-03]

Self-Regulatory Organizations; Midwest Clearing Corporation; Order Granting Accelerated Approval of a Proposed Rule Change Relating to the Pass-Through of Certain Fees and Charges and the Elimination of All Other Charges

April 15, 1996.

On March 1, 1996, the Midwest Clearing Corporation ("MCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-MCC-96-03) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act") relating to the pass-through of certain fees and charges and the elimination of all other charges.¹ On March 7, 1996, MCC amended the

filing.² Notice of the proposal was published in the Federal Register on March 22, 1996.³ No comment letters were received. For the reasons discussed below, the Commission is granting accelerated approval of the proposed rule change.

I. Description

The proposed rule change permits MCC to charge Sponsored Participants ("SPs") and Temporary Sponsored Participants ("TSPs") at cost the fees and charges assessed on MCC by the National Securities Clearing Corporation ("NSCC") in connection with SPs' and TSPs' use of NSCC's services. The proposed rule change also eliminates all other existing MCC fees. MCC is eliminating its existing fee schedule in its entirety and replacing it with the following schedule.

Sponsored Participants and Temporary Sponsored Participants

Fees and Charges Assessed on MCC by the National Securities Clearing Corporation

Charge: Rebilled at Cost.

II. Discussion

Section 17A(b)(3)(D)⁴ of the Act requires that the rules of a clearing agency provide for the equitable allocation of dues, fees, and other charges among MCC's participants. In addition, Section 17A(b)(3)(F)⁵ of the Act requires that the rules of a clearing agency be designed to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions. The Commission believes MCC's proposed rule change is consistent with the requirements of Section 17A(b)(3)(D) because MCC will be charging SPs and TSPs at cost NSCC's fees and charges assessed on MCC for such SPs' and TSPs' use of NSCC's services. The Commission believes the proposal is consistent with Section 17A(b)(3)(F) in that it should foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions by allowing MCC to pass through the

² MCC originally filed the proposed rule change under Section 19(b)(3)(A) of the Act. On March 7, 1996, MCC requested that the proposal be considered filed under Section 19(b)(2) of the Act. Telephone conversation between David T. Rusoff, Foley and Lardner [counsel to MCC], and Jerry W. Carpenter, Assistant Director, Peter R. Geraghty, Senior Counsel, and Cheryl O. Tumlin, Attorney, Division of Market Regulation, Commission (March 7, 1996).

³ Securities Exchange Act Release No. 36982 (March 18, 1996), 61 FR 11913.

⁴ 15 U.S.C. 78q-1(b)(3)(D) (1988).

⁵ 15 U.S.C. 78q-1(b)(3)(F) (1988).

NSCC charges to the parties utilizing NSCC's services.

MCC 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 so approving the proposed rule change because accelerated approval will allow MCC to not make charges under its existing fee schedule and to pass through charges to SPs and TSPs contemporaneously with NSCC assessing charges on MCC for its services to such participants.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 17A 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-MCC-96-03) be, and hereby is, approved.

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

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-37112; International Series Release No. 967; File No. SR-NASD-96-13]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to the Use of the New York Stock Exchange's Modified General Securities Representative Examination (Series 47) to Qualify as a General Securities Representative

April 12, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on April 3, 1996, the National Association of Securities Dealers, Inc. ("NASD" or "Association") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the NASD. The Commission is publishing this notice to solicit

⁵ 17 CFR 200.30-3(a)(12) (1995).

¹ 15 U.S.C. 78s(b)(1) (1988).

⁶ 17 CFR 200.30-3(a)(12) (1995).

¹ 15 U.S.C. 78s(b)(1).

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 NASD has filed a proposed change to Schedule C of the By-Laws that would allow persons in good standing with the Japanese securities regulators to qualify as general securities representatives (Series 7) by passing a modified general securities representative examination (Series 47) which was developed by the New York Stock Exchange ("NYSE"). The following is the full text of the proposed rule change to Schedule C. New language is italicized.

Schedule C to the NASD By-Laws

* * * * *

Part III Registration of Representatives

* * * * *

(2) Categories of Representative Registration

(a) General Securities Representative

* * * * *

(ii)

* * * * *

(h) A person presently registered and in good standing as a representative with any Japan stock exchange, or with any Japan Securities Dealers Association, and who has passed the Japan Module of the General Securities Registered Representative Examination, shall be qualified to be registered as a General Securities Representative except that such person's activities may not involve the solicitation, purchase and/or sale of municipal securities as defined in Section 3(a)(29) of the Act.²

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 NASD 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 NASD 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

It is the NASD's responsibility under Section 15A(g)(3) of the Act³ to prescribe standards of training, experience, and competence for persons associated with NASD members. Pursuant to this statutory obligation, the NASD has developed examinations and administers examinations developed by other self-regulatory organizations designed to establish that persons associated with NASD members have attained specified levels of competence and knowledge.

This proposed amendment to Schedule C is intended to coordinate with the recent SEC approval of a NYSE rule that allows a qualified registered representative⁴ in good standing with the Japanese securities regulators to become qualified as a general securities representative (Series 7) by passing a modified general securities representative examination (Series 47) developed by the NYSE.⁵ This amendment is also necessary because of the requirement of Section 15(b)(8) of the Act that requires most NYSE members to also be members of the NASD.⁶ Thus, there is a dual registration requirement with both the NYSE and the NASD for individuals who perform certain functions with NYSE members. At the present time, the NASD has no rule that allows for NASD registration of a person who has passed the modified qualification examination. The Series 47 examination is 160 questions and is 240 minutes long.

2. Statutory Basis

The NASD believes the proposed rule change is consistent with the provisions of Section 15A(b)(6)⁷ and Section 15A(g)(3)⁸ of the Act in that the NASD is required to prescribe standards of

³ 15 U.S.C. 78o-3(g)(3).

⁴ The Commission notes that in order to become a registered representative in Japan, all of the applicants, both foreign and domestic, who do not meet certain experiential requirements must pass the Securities Sales Representative Qualification Examination. This test is composed of the Class 1 Examination, the Class 2 Examination, and the Investment, Trust, and Bond Examination. An applicant's experience and area of interest determines which parts of the Securities Sales Representative Qualification Examination are applicable. See Securities Exchange Act Release No. 36514 (Nov. 27, 1995), 60 FR 62118.

⁵ See Securities Exchange Act Release No. 36708 (Jan. 11, 1996), 61 FR 1808 (approving File No. SR-NYSE-95-36).

⁶ 15 U.S.C. 78o(b)(8).

⁷ 15 U.S.C. 78o-3(b)(6).

⁸ 15 U.S.C. 78o-3(g)(3).

training, experience, and competence for persons associated with NASD members. Pursuant to this statutory obligation, the NASD develops and administers examinations to establish that persons associated with NASD members have attained specified levels of competence and knowledge.

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

The NASD believes the proposed rule change will impose no 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 NASD has neither solicited nor received written comments.

III. 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 at the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Also, copies of such filing will be available for inspection and copying at the principal office of the NASD. All submissions should refer to File No. SR-NASD-96-13 and should be submitted by May 10, 1996.

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

After careful review, the Commission finds, for the reasons set forth below, that the NASD's proposed rule change is consistent with the requirements of Section 15A of the Act⁹ and the rules and regulations thereunder applicable to a national securities association. Specifically, the Commission believes the proposal is consistent with the

⁹ 15 U.S.C. 78o-3.

² The Commission notes, pursuant to a new rule numbering system for the NASD Manual anticipated to be effective no later than May 31, 1996, that this rule will become NASD Rule 1032(a)(2)(H).

requirements of Section 15A(b)(6) and Section 15A(g)(3)(B).¹⁰

The Commission believes the proposal is consistent with Section 15A(b)(6)¹¹ because it is designed to foster cooperation with persons engaged in regulating transactions in securities and to help perfect the mechanism of a free and open market. The Series 47 reduces duplicative qualification requirement and, at the same time, allows the NASD to ensure that the Japanese representatives desiring to become registered with the NASD are fully qualified.

The Commission believes the proposal is consistent with Section 15A(g)(3)(B)¹² because it establishes standards of training, experience, and competence for persons associated with NASD members. The Series 47 should provide comprehensive coverage of the topics contained in the Series 7 that are not covered, or are not covered in sufficient detail, in the Securities Sales Representative Qualification Examination. Accordingly, the Series 47, combined with the Securities Sales Representative Qualification Examination, should measure the qualifications of Japanese representatives adequately.

The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of the notice in the Federal Register. This will enable qualified Japanese registered representatives subject to the dual registration requirement of Section 15(b)(8)¹³ desiring to become registered with the NASD to immediately reap the benefits of reduced regulatory duplication. In addition, the NASD's proposal does not raise any new regulatory concerns because it is adopting the same Series 47 module previously proposed by the NYSE and approved by the Commission.¹⁴ Therefore, the Commission finds that there is good cause, consistent with Section 15A of the Act,¹⁵ to accelerate the approval of the NASD's proposal.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁶ that the proposed rule change (SR-NASD-96-13) is approved.

¹⁰ 15 U.S.C. 78o-3(b)(6) and 78o-3(g)(3)(B).

¹¹ 15 U.S.C. 78o-3(b)(6).

¹² 15 U.S.C. 78f(c)(3)(B).

¹³ 14 U.S.C. 78o(b)(8).

¹⁴ See Securities Exchange Act Release No. 36708 (Jan. 11, 1996), 61 FR 1808 (approving File No. SR-NYSE-95-36).

¹⁵ 15 U.S.C. 78o-3.

¹⁶ 15 U.S.C. 78s(b)(2).

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁷

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-37110; File No. SR-NSCC-96-07]

Self-Regulatory Organizations; National Securities Clearing Corporation; Order Granting Accelerated Approval of a Proposed Rule Change To Permit NSCC To Charge and To Collect from Members Charges Imposed by Certain Third Parties

April 12, 1996.

On March 19, 1996, the National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-NSCC-96-07) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ to permit NSCC to charge and to collect from members charges imposed by certain third parties. Notice of the proposal was published in the Federal Register on March 28, 1996.² No comment letters were received. For the reasons discussed below, the Commission is granting accelerated approval of the proposed rule change.

I. Description

The proposed rule change expands NSCC's authority to charge and to collect from its members fees imposed by certain third parties. In such situations, third parties will include all individual NSCC member charges in one invoice to NSCC, and NSCC will include the third parties' charges to individual members on the members' settlement statements.³ NSCC's current

¹⁷ 17 CFR. 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1) (1988).

² Securities Exchange Act Release No. 37001 (March 21, 1996), 61 FR 13912.

³ From time to time, third parties which have entered into agreements with NSCC and which provide NSCC members with certain services or equipment that facilitate access to an NSCC service request that NSCC directly bill its members for the services or equipment that the third parties provide to members. For example, if NSCC members wanted to obtain computer hardware and/or software to access certain NSCC services, NSCC could make arrangements with a third party vendor to supply members with the appropriate hardware and/or software. The third party vendor would send a detailed monthly invoice directly to NSCC reflecting each individual member's charge. NSCC would then include the appropriate charge on each member's monthly statement. NSCC would remit to the vendor within the agreed upon time period the amount that NSCC actually collected from members in connection with the vendor's charges.

rules permit NSCC to charge members for fees imposed by self-regulatory organizations or other security industry organizations or entities with which NSCC has entered into agreements. The proposed rule change permits NSCC to include on its members' settlement statements charges imposed by entities or organizations with which NSCC has entered into agreements and which provide services or equipment to NSCC members which are integral to the services provided by NSCC. If a member does not consent to such charges or otherwise dispute such charges, NSCC will not fine the member for not paying to NSCC the third party's charges. In addition, NSCC will have no liability to any third party vendors for such charges.

II. Discussion

Section 17A(b)(3)(F)⁴ of the Act 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 NSCC's proposed rule change is consistent with the requirements of Section 17A(b)(3)(F) of the Act because it will facilitate access to NSCC's services by making it easier for NSCC members to obtain hardware, software, or related services or equipment necessary to fully utilize NSCC. Specifically, the proposed rule change allows NSCC to consolidate for its members third party billings and ISCC payment obligations. Consolidation of members' payment obligations should not only simplify members' disbursement processes, it should facilitate ISCC members' ability to obtain equipment or services that are integral to NSCC's services and that are provided by third parties. By enhancing the ability of NSCC's members to access NSCC's securities settlement services, the proposed rule change should promote the prompt and accurate clearance and settlement of securities transactions.

NSCC 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 so approving the proposed rule change because accelerated approval will facilitate NSCC members' ability to obtain on a timely basis certain computer hardware presently being offered by third parties in connection with certain NSCC services.

⁴ 15 U.S.C. 78q-1(b)(3)(F) (1988).