

the payment system risks associated with the DTC-PHILADEP interface.

In addition, the proposed arrangements should result in substantial savings for DTC participants and the securities industry. In connection with this proposal, former sole PHILADEP participants may become DTC participants if they qualify under DTC's participant standards. An increase in the number of DTC participants will result in higher DTC transaction volumes there by reducing the per unit service costs that must be recovered through DTC participant service fees.

Moreover, interdepository interfaces involve the maintenance of substantial facilities, communications networks and account and inventory reconciliation mechanisms. As a result of the proposal, the substantial costs incurred by both DTC and PHILADEP in operating an interface will be eliminated.

DTC believes the proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations promulgated thereunder because the rule proposal will help reduce the risk associated with having interfaces, provide for more efficient and less expensive clearing and depository services, and thereby facilitate the prompt and accurate clearance and settlement of such transactions. In addition, the proposal will provide qualified sole PHILADEP participants with access to DTC's facilities and will be implemented consistently with the safeguarding of securities and funds in DTC's custody and control.

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

DTC does not believe that the proposed arrangements will have an impact on or impose a burden on competition. Securities depositories registered under Section 17A of the Act are utilities created to serve members of the securities industry for the purpose of providing certain services that are ancillary to the businesses in which industry members compete with one another. Operating a securities depository requires a substantial and continuing investment in infrastructure, including securities vaults, telecommunications links with users, data centers, and disaster recovery facilities, in order to meet the increasing needs of participants and respond to regulatory requirements.

After consummation of the proposed arrangements, securities industry members will continue to have access to high quality, low cost depository services provided under the mandate of

the Act. The overall cost to the industry of having such services available should be reduced thereby permitting a more efficient and productive allocation of industry resources. Furthermore, because most of a depository's interface costs must be mutualized, thereby requiring some participants to subsidize costs incurred by others, PHLX's withdrawal from maintaining depository facilities should reduce costs to DTC participants and thereby remove impediments to competition. Finally, PHLX's ability to focus its resources on the operations of its exchange should help enhance competition among securities markets.

Despite the dominant market position that DTC will acquire, DTC believes that the current regulatory scheme and the very nature of the clearing and depository industries provide appropriate checks on the operations of DTC. DTC is owned by its members that utilize its services and its board of directors is comprised of its members. DTC must assure a fair representation of its members in the selection of its directors and administrators. DTC's service fees are reviewed by its board and subject to public notice and comment. Lastly, the existence of independent depositories for special securities and the potential for new clearing agency registrants offer significant checks on DTC's power.

(C) Self-Regulatory Organization's Statement on Comments on the proposed Rule Change Received From Members, Participants, or Others

Written comments on the proposal from DTC participants or others have not been solicited or received. However, the proposed arrangements are consistent with recommendations made to the boards of DTC and NSCC by the Vision 2000 Committee ("Committee"), a committee on industry representatives of the two boards. The Committee's Report dated September 1994 states:

The industry currently owns a number of utilities that provide services related to the comparison, clearing, settlement and safekeeping of U.S. (and to a lesser degree, international) securities. These utilities overlap in two ways. * * * We believe that the industry's and, as important, the investors', overall costs can be reduced and safety and soundness can be enhanced by eliminating these overlaps where there is no clear advantage to having specialization or competing development.

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 DTC 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. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 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, NW., Washington, DC. Copies of such filing will also be available for inspection and copying at the principal office of DTC. All submissions should refer to the File No. SR-DTC-97-16 and should be submitted by November 6, 1997.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-27321 Filed 10-15-97; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39220; File No. SR-NSCC-97-08]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of a Proposed Rule Change Relating to a Decision by the Philadelphia Stock Exchange, Incorporated To Withdraw From the Clearance and Settlement and Securities Depository Businesses

October 8, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the

⁶ 17 CFR 200.30-3(a)(12).

"Act"),¹ notice is hereby given that on August 6, 1997, the National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") and on August 28, 1997, amended the proposed rule change (File No. SR-NSCC-97-08) as described in Items I, II, and III below, which items have been prepared primarily by NSCC. 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 proposed rule change involves proposed arrangements relating to a decision by the Philadelphia Stock Exchange, Incorporated ("PHLX") to withdraw from the securities clearance and settlement and securities depository businesses. Parties to the proposed arrangements are The Depository Trust Company ("DTC") PHLX, Philadep Depository Trust Company ("PHILADEP"), NSCC, and Stock Clearing Corporation of Philadelphia ("SCCP").²

The proposed arrangements as they relate to NSCC will provide for the following:

- (1) NSCC will offer sole SCCP participants an opportunity to become NSCC participants if they meet NSCC's qualifications;
- (2) NSCC and SCCP will cooperate to assure the orderly transfer of continuous net settlement securities positions of sole SCCP participants and dual NSCC/SCCP participants which authorize such transfer;
- (3) NSCC will make certain payments to PHLX and SCCP;
- (4) In general, for a period of five years PHLX, SCCP, and PHILADEP will not engage in the securities clearance and securities depository businesses. However, this prohibition will not apply to PHLX's equity ownership interest in The Options Clearing Corporation; and
- (5) SCCP will become a participant of NSCC and will provide limited clearing and margin services to PHLX equity specialists and certain other PHLX members.³

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 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

PHLX has announced that it is withdrawing from the clearance and settlement and securities depository businesses in order to focus its resources on the operations of the exchange. The proposed arrangements will assist in achieving these objectives while affording qualified sole SCCP participants an opportunity to become NSCC participants and to transfer their continuous net settlement positions to NSCC. NSCC believes that the proposed arrangements will result in substantial risk reduction and increased savings for NSCC participants and the securities industry as a whole.

Where there are interfaces among the securities clearing agencies, same-day funds settlement⁵ exposes each clearing agency to certain risks, such as the failure of another clearing agency to settle its net payment obligation because of a failure by one of the participants of such other clearing agency to settle with it or because such other clearing agency is experiencing a major systems problem. These risks cannot be entirely avoided with existing and available risk management controls. PHLX's withdrawal from the securities clearing business will eliminate the exposure of NSCC and its participants to the payment system risks associated with the NSCC-SCCP interface.

In addition, the proposed arrangements should result in substantial savings for NSCC participants and the securities industry. In connection with this proposal, former sole SCCP participants may become NSCC participants if they qualify under NSCC's participant standards. An increase in the number of NSCC

participants will result in higher NSCC transaction volumes thereby reducing the per unit service costs that must be recovered through participant service fees. Moreover, interclearing corporation interfaces involve the maintenance of substantial facilities, communications networks, and account and inventory reconciliation mechanisms. As a result of the proposal, the substantial costs incurred by both NSCC and SCCP in operating an interface will be eliminated.

NSCC believes the proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations promulgated thereunder because the rule proposal will facilitate the industry's conversion to same-day funds settlement for virtually all securities transactions and thereby facilitate the prompt and accurate clearance and settlement of such transactions. In addition, the proposal will provide qualified sole SCCP participants with access to NSCC's facilities and will be implemented consistently with the safeguarding of securities and funds in NSCC's custody and control.

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

NSCC does not believe that the proposed arrangements will have an impact on or impose a burden on competition. Securities clearing agencies registered under Section 17A of the Act are utilities created to serve members of the securities industry for the purpose of providing certain services that are ancillary to the businesses in which industry members compete with one another. Operating a securities clearing agency requires a substantial and continuing investment in infrastructure, including telecommunications links with users, data centers, and disaster recovery facilities, in order to meet the increasing needs of participants and to respond to regulatory requirements.

After consummation of the proposed arrangements, securities industry members will continue to have access to high quality, low cost clearance services provided under the mandate of the Act. The overall cost to the industry of having such services available should be reduced thereby permitting a more efficient and productive allocation of industry resources. Furthermore, because most interface costs must be mutualized, thereby requiring some participants to subsidize costs incurred by others, PHLX's withdrawal from maintaining clearing services should reduce costs to NSCC participants and thereby remove impediments to

¹ 15 U.S.C. 78s(b)(1).

² These parties have entered into an agreement dated as of June 18, 1997.

³ A more detailed description of these proposed arrangements is contained in Exhibit 2 to the filing. A copy of the filing and all exhibits are available for copying and inspection in the Commission's Public Reference Room.

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

⁵ The term "same-day funds" refers to payment in funds that are immediately available and generally are transferred by electronic means.

competition. Finally, PHLX's ability to focus its resources on the operations of its exchange should help enhance competition among securities markets.

(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. However, the proposed arrangements are consistent with recommendations made to the boards of DTC and NSCC by the Vision 2000 Committee ("Committee"), a committee on industry representatives of the two boards. The Committee's Report dated September 1994 states:

The industry currently owns a number of utilities that provide services related to the comparison, clearing, settlement and safekeeping of U.S. (and to a lesser degree, international) securities. These utilities overlap in two ways * * *. We believe that the industry's and, as important, the investors', overall costs can be reduced and safety and soundness can be enhanced by eliminating these overlaps where there is no clear advantage to having specialization or competing development.

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 reason 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. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 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 NW., Washington, DC 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 No. SR-NSCC-97-08 and should be submitted by November 6, 1997.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-27320 Filed 10-15-97; 8:45 am]

BILLING CODE 8010-01-M

SMALL BUSINESS ADMINISTRATION

Data Collection Available for Public Comments and Recommendations

ACTION: Notice and request for comments.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, this notice announces the Small Business Administration's intentions to request approval on a new, and/or currently approved information collection.

DATES: Comments should be submitted on or before December 15, 1997.

FOR FURTHER INFORMATION CONTACT: Curtis B. Rich, Management Analyst, Small Business Administration, 409 3rd Street, SW., Suite 5000, Washington, DC 20416. Phone Number: 202-205-6629.

SUPPLEMENTARY INFORMATION:

Title: "Use of Proceeds, 504 Program".

Type of Request: Extension of a Currently Approved Collection.

Form No: 1429.

Description of Respondents: Certified Development Companies.

Annual Responses: 2,000.

Annual Burden: 1,000.

Title: "Application for Loan Pool".

Type of Request: Extension of a Currently Approved Collection.

Form No: 1454.

Description of Respondents: SBA Loan Pool Assemblers.

Annual Responses: 450.

Annual Burden: 1,350.

Comments: Send all comments regarding these information collections to Keith Lucas, Program Assistant, Office of Financial Assistance, Small Business Administration, 409 3rd Street, SW., Suite 8300, Washington, DC 20416. Phone No: 202-205-6570. Send

comments regarding whether these information collections are necessary for the proper performance of the function of the agency, accuracy of burden estimate, in addition to ways to minimize these estimates, and ways to enhance the quality.

Title: "Client's Report of 7(J) Task Order Assistance Received".

Type of Request: Extension of a Currently Approved Collection.

Form No: 1540.

Description of Respondents: Client's that require the completion of the 7(J) Task order.

Annual Responses: 1,000.

Annual Burden: 100.

Title: "8 (A) Capability Statement".

Type of Request: Extension of a Currently Approved Collection.

Form No: 1815.

Description of Respondents: 8 (A) Program Participants.

Annual Responses: 8,000.

Annual Burden: 4,000.

Comments: Send all comments regarding these information collection to Barbara Boone, Program Assistant, Minority Enterprise Development, Small Business Administration, 409 3rd Street, SW. Suite 8000, Washington, DC 20416. Phone 202-205-6412. Send comments regarding whether these information collections are necessary for the proper performance of the function of the agency, accuracy of burden estimate, in addition to ways to minimize these estimates, and ways to enhance the quality.

Jacqueline White,

Chief, Administrative Information Branch.

[FR Doc. 97-27325 Filed 10-15-97; 8:45 am]

BILLING CODE 8025-01-P

SMALL BUSINESS ADMINISTRATION

[License No. 04/04-0270]

CF Investment Company; Notice of Issuance of a Small Business Investment Company License

On March 15, 1995, an application was filed by CF Investment Company, at 102 South Main Street, Greenville, South Carolina 29601, with the Small Business Administration (SBA) pursuant to section 107.300 of the Regulations governing small business investment companies (13 CFR 107.300 (1996)) for a license to operate as a small business investment company.

Notice is hereby given that, pursuant to section 301(c) of the Small Business Investment Act of 1958, as amended, after having considered the application and all other pertinent information, SBA issued License No. 04/04-0270 on

⁶ 17 CFR 200.30-3(a)(12).