

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 20549-0609. Copies of such filing also will be available for inspection and copying at the principal office of DTC. All submissions should refer to File No. SR-DTC-98-09 and should be submitted by June 16, 1999.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

**Margaret H. McFarland,**  
Deputy Secretary.

[FR Doc. 99-13301 Filed 5-25-99; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41418; File No. SR-DTC-99-04]

### Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Regarding Revisions to MBS Division Rules

May 18, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on March 15, 1999 The Depository Trust Company ("DTC") 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 DTC. 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 revises the rules of DTC's MBS Division to comply with the current financial reporting practices of existing MBS Division participants and potential applicants.

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

In its filing with the Commission, DTC 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. DTC has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.<sup>2</sup>

#### 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 make the rules of the MBS Division consistent with current practice in the areas of financial reporting of existing MBS participants and potential applicants.

The rule change revises Sections 7(b) and 8(b) of Article IV, Rule 1, to clarify that the quarterly financial reports required by appropriate federal or state regulators, such as call reports for banks and FOCUS reports for broker-dealers, can be used to satisfy the requirement in Sections 7(b) and 8(b) for the submission of "unaudited Financial Statements".

The rule change also revises Section 7(c) of Article IV, Rule 1, to eliminate the requirement that the chief executive officer or chief financial officer of a potential applicant submit a certificate stating that no material adverse changes have occurred in the applicant's financial condition since the applicant submitted the financial statement required by other provisions in MBS Division rules. The MBS Division believes this requirement is unnecessary in light of DTC's access to other sources of information concerning MBS Division applicants.

DTC believes that the proposed rule change is consistent with Section 17A(b)(3)(A) of the Act<sup>3</sup> and the rules and regulations thereunder because, in accordance with the Commission's recommendations, the proposal conforms DTC's rules to current financial reporting practices and MBS division rules to DTC's rules generally.<sup>4</sup>

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

DTC does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

<sup>2</sup> The Commission has modified the text of the summaries prepared by DTC.

<sup>3</sup> 15 U.S.C. 78q-1(b)(3)(A).

<sup>4</sup> DTC's rules affecting non-MBS Division participants have no similar requirements.

#### C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

No comments on the proposed rule change have been solicited, and no written comments have been 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)(i) of the Act<sup>5</sup> and pursuant to Rule 19b-4(f)(1)<sup>6</sup> promulgated thereunder because the proposal constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule. 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, 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. 20549-0609. 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 also will be available for inspection and copying at the principal office of DTC.

All submissions should refer to File No. SR-DTC-99-04 and should be submitted by June 16, 1999.

<sup>5</sup> 15 U.S.C. 78s(b)(3)(A)(i).

<sup>6</sup> 17 CFR 240.19b-4(f)(1).

<sup>7</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 99-13356 Filed 5-25-99; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release 34-41427; File No. SR-MCC-99-01]

### Self-Regulatory Organizations; Midwest Clearing Corporation; Notice of Filing of a Proposed Rule Change Regarding Sponsored Account Fund Contributions

May 19, 1999.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on February 26, 1999, the Midwest Clearing Corporation ("MCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-MCC-99-01) as described in Items I, II, and III below, which items have been prepared primarily by MCC. The Commission is publishing this notice to solicit comments from interested persons on the proposed rule change.

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

The proposed rule change will increase the minimum contribution that sponsored participants are required to make to MCC's sponsored account fund.

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

In its filing with the Commission, MCC 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. MCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.<sup>2</sup>

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

MCC sponsors accounts ("sponsored accounts") for certain eligible Chicago Stock Exchange specialists, floor brokers, and market makers ("sponsored participants") to provide them with access to the clearance, settlement, and depository services of a qualified clearing agency.<sup>3</sup> To cover any losses that MCC may incur from operating the sponsored accounts, MCC requires sponsored participants to contribute to a sponsored account fund. A sponsored participant's required contribution to the sponsored account fund currently is the greater of \$15,000 ("minimum contribution") or 110% of the amount calculated pursuant to the formula of NSCC and DTC ("alternative contribution")<sup>4</sup>

According to MCC, both NSCC and DTC require a minimum deposit of \$10,000.<sup>5</sup> Therefore, the current minimum amount a sponsored participant must contribute to the sponsored account fund is \$22,000, which is based on the alternative contribution formula.

Under the proposed rule change, the minimum contribution will increase from \$15,000 to \$150,000. As a result, the new required contribution will be \$150,000, which will be based on the minimum contribution amount. MCC believes the increase is necessary due to an increased volume of transactions cleared through the sponsored accounts and increased market volatility.

The increase will be phased-in over a twelve-month period. To announce the actual phase-in dates, MCC will issue an administrative bulletin no later than thirty days after the Commission's order approving the proposal. The first phase-in date will be no more than 60 days from the date the bulletin is published and will increase the minimum contribution to \$50,000. The second and third phase-in dates will be six months and twelve months from the initial phase-in date and will increase the minimum contribution to \$100,000 and \$150,000, respectively.

MCC believes the proposed rule change is consistent with Section

17A(b)(3)(F)<sup>6</sup> of the Act and the rules and regulations thereunder because it will facilitate the prompt and accurate clearance and settlement of securities transactions and because it will assure the safeguarding of the securities and funds in MCC's custody or control or for which MCC is responsible.

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

MCC does not believe that the proposed rule change will impose any burden on competition.

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

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

### 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 MCC 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, including whether the proposed rule change is consistent with the Act. Persons making written submissions should fix six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, 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, NW, Washington, D.C. 20549. Copies of such

<sup>7</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> The Commission has modified the text of the summaries prepared by MCC.

<sup>3</sup> MCC uses the services of two qualified clearing agencies on behalf of its sponsored participants: National Securities Clearing Corporation ("NSCC") and The Depository Trust Company ("DTC").

<sup>4</sup> The formula for the alternative contribution is based on the participant's use of MCC's services or those of a qualified clearing agency. The proposed rule change does not affect the alternative contribution calculation.

<sup>5</sup> See Letter from Paul B. O'Kelly, Executive Vice President, Market Regulation and Legal, Chicago Stock Exchange (March 19, 1999).

<sup>6</sup> 15 U.S.C. 78q-1(b)(3)(F).