

because MBSCC does not guarantee its participant's obligations.

II. Discussion

Section 17A(b)(3)(F)³ of the Act requires that the rules of a clearing agency be designed to assure the safeguarding of funds which are in the custody or control of the clearing agency or for which it is responsible. The Commission finds that each of MBSCC's rule changes is consistent with its obligations under the Act. The net-out report should provide participants with timely information regarding their open net-out obligations to enable them to better monitor potential risk exposure with original contra sides. This information is important because MBSCC's rules generally provide that if a defaulting participant's fund contribution is insufficient to cover the losses of the defaulting participant's non original contra sides, the deficiency is assessed against the defaulting participant's original contra sides. Therefore, the original contra sides remain liable for potential assessments even if as a result of MBSCC's netting process they net-out of transactions. This should help reduce the potential that the default of one participant will cause other participants to default on their obligations at MBSCC because of unexpected risk exposure.

Requiring participants to provide MBSCC with financial information as frequently as required by the participant's appropriate regulator and requiring participants to notify MBSCC in situations where the participant contemplates that it will be unable to meet its obligations will provide MBSCC with more timely information on the financial condition of certain participants.

The additional master agreement, opinion of counsel, and periodic confirmation requirements applicable to non-U.S. participants should better enable MBSCC to evaluate and to lesson or eliminate any negative effects that jurisdictional issues could have on MBSCC's exercise of its rights and remedies against a non-U.S. participant.

Requiring a participant to give notice of potential problems in meeting MBSCC's rules or in satisfying its obligations to MBSCC and other participants and MBSCC's right to require additional assurances and participants fund contributions as needed should better enable MBSCC to determine participants' continuing ability to meet their obligations and to have sufficient collateral on hand.

Because MBSCC does not guaranty its participants' transactions, clarifying that MBSCC is acting as an agent when it ceases to act for a participant should eliminate any potential confusion and potential liability with respect to MBSCC's role.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of 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-MBSCC-99-02) be, and hereby is, approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁴

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-21046 Filed 8-12-99; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41716; SR-NSCC-99-05]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of Proposed Rule Change Relating to the Acceptance of Letters of Credit

August 6, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on April 20, 1999, the National Securities Clearing Corporation ("NSCC") 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 NSCC. 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 purpose of the proposed rule change is to replace NSCC's current letter of credit form with a letter of credit form developed by the Uniform Clearing Group.²

⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² NSCC attached a copy of the uniform letter of credit as Exhibit A to the filing.

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.³

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

Rule 4, Section 1 of NSCC's Rules and Procedures permits NSCC to accept letters of credit in addition to cash and government securities as collateral for its clearing fund.⁴ The proposed rule change will require that letters of credit delivered to NSCC on or after September 1, 1999, be in the form of the uniform letter of credit ("ULC") developed by the United Clearing Group ("UCG").

The UCG is an organization comprised of all the major securities and futures clearing corporations and depositories in the U.S.⁵ The UCG developed the ULC to (i) foster uniformity among the various U.S. securities and futures clearing organization with respect to the acceptable terms of letters of credit that are deposited as margin and (ii) reduce operational burdens for industry participants and their letters of credit issuers. In developing the ULC, the UCG consulted with several letter of credit issuing banks and the National Standby Letter of Credit Committee of the International Financial Services Association (formerly known as the U.S. Council on International Banking).

The ULC consists of a cover page plus the uniform terms. All variable terms of the ULC, such as the name of the clearing member, the beneficiary clearing corporation, the issuing bank, the amount of the credit, and the

³ The Commission has modified the text of the summaries prepared by NSCC.

⁴ See also Securities Exchange Act Release No. 18052 (August 21, 1981), 46 FR 43341.

⁵ The members of the UCG include the Boston Stock Exchange Clearing Corporation, The Depository Trust Company, Government Securities Clearing Corporation, NSCC, The Options Clearing Corporation, MBS Clearing Corporation, Board of Trade Clearing Corporation, Chicago Mercantile Exchange, Clearing Corporation of New York, Kansas City Board of Trade, Minneapolis Grain Exchange, New York Mercantile Exchange, Emerging Markets Clearing Corporation, and Clearing Corporation for Options and Securities.

³ 15 U.S.C. 78q-1(b)(3)(F).

expiration date, are set forth on the cover page. To assist members in completing the ULC, the UCG drafted general instructions. In addition, NSCC has provided supplemental instructions relating specifically to letters of credit furnished to NSCC.

NSCC expects that modifications may be made to the ULC in the future. If and when that occurs, NSCC will require its members to use the revised form.⁶

NSCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder because, among other things, it will promote the prompt and accurate clearance and settlement of transactions in securities by facilitating processing and will foster cooperation within the financial community.

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

NSCC does not believe that the proposed rule change will have an impact on or impose any burden on competition.

(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 were solicited or received. NSCC will notify the Commission of any written comments it receives.

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 the self-regulatory organization consents, the Commission will:

- (a) by order approve the 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 file six copies thereof with the Secretary, Securities and Exchange

Commission, 450 Fifth Street, NW, Washington, DC 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, NW, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of NSCC. All submissions should refer to File No. SR-NSCC-99-05 and should be submitted by September 3, 1999.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-21044 Filed 8-12-99; 8:45 am]

BILLING CODE 8010-01-M

DEPARTMENT OF STATE

[Public Notice 3112]

Advisory Committee on International Communications and Information Policy Meeting Notice

The Department of State is holding the next meeting of its Advisory Committee on International Communications and Information Policy. The Committee provides a formal channel for regular consultation and coordination on major economic, social and legal issues and problems in international communications and information policy, especially as these issues and problems involve users of information and communication services, providers of such services, technology research and development, foreign industrial and regulatory policy, the activities of international organizations with regard to communications and information, and developing country interests.

The featured guest speaker for this this quarterly meeting will be the Honorable William Kennard, Chairman, Federal Communications Commission who will speak on the subject of telecommunications development internationally. In addition, there will be reports of activities of the various

working groups of the Advisory Committee.

This meeting will be held on Thursday, September 16, 1999, from 9:30 a.m.-12:30 p.m. in Room 1107 of the Main Building of the U.S. Department of State, located at 2201 "C" Street, NW, Washington, DC 20520. Members of the public may attend these meetings up to the seating capacity of the room. While the meeting is open to the public, admittance to the State Department Building is only by means of a pre-arranged clearance list. In order to be placed on the pre-clearance list, please provide your name, title, company, social security number, date of birth, and citizenship to Shirlett Thornton at (202) 647-8345 or by fax at (202) 647-0158. All attendees must use the "C" Street entrance. One of the following valid ID's will be required for admittance: any U.S. driver's license with photo, a passport, or a U.S. Government agency ID.

FOR FURTHER INFORMATION CONTACT:

Timothy C. Finton, Executive Secretary of the Committee, at (202) 647-5385 or <fintontc@state.gov>.

Dated: August 6, 1999.

Timothy C. Finton,

Executive Secretary.

[FR Doc. 99-21058 Filed 8-12-99; 8:45 am]

BILLING CODE 4710-45-P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

[Summary Notice No. PE-99-25]

Petitions for Exemption; Summary of Petitions Received; Dispositions of Petitions Issued

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of petitions for exemption received and of disposition of prior petitions.

SUMMARY: Pursuant to FAA's rulemaking provisions governing the application, processing, and disposition of petitions for exemption (14 CFR part 11), this notice contains a summary of certain petitions seeking relief from specified requirements of the Federal Aviation Regulations (14 CFR Ch. I), dispositions of certain petitions previously received, and corrections. The purpose of this notice is to improve the public's awareness of, and participation in, this aspect of FAA's regulatory activities. Neither publication of this notice nor the inclusion or omission of information in the summary is intended to affect the

⁶NSCC will file proposed rule changes with the Commission prior to requiring members to comply with substantive changes made to the ULC.

⁷ 17 CFR 200.30-3(a)(12).