

possible ill effects of the elimination of the prohibition will be readily noted. Finally, the Exchange believes the elimination of this prohibition against imposing the surcharge on single-list issues would be fair. Specialists on the other exchanges today are able to change their fees on their single-list issues without having to study or justify any possible effect this action may have on the spreads in those issues. The Exchange wants to provide its marketmakers with the same ability to apply the surcharge to single-list issues.⁷

2. Statutory Basis

The CBOE believes that the proposed rule change is in furtherance of Section 6(b)(5) of the Act⁸ in that it is designed to remove impediments to a free and open market and to protect investors and the public interest.

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

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

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

Written comments on the proposed rule change were neither solicited nor received.

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

Within 35 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 90 days 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

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 at the Commission's Public Reference Room. Copies of such filing will be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-CBOE-99-30 and should be submitted by September 8, 1999.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-21444 Filed 8-17-99; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release 34-41733; File No. 600-30]

Self-Regulatory Organizations; Emerging Markets Clearing Corporation; Notice of Filing and Order Approving a Request for Extension of Temporary Registration as a Clearing Agency

August 12, 1999.

Notice is hereby given that on July 1, 1999, the Emerging Markets Clearing Corporation ("EMCC") filed with the Securities and Exchange Commission ("Commission") an application pursuant to Section 19(a)(1) of the Securities Exchange Act of 1934 ("Act")¹ requesting that the Commission extend EMCC's temporary registration as a clearing agency for one year.² The Commission is publishing this notice and order to solicit comments from interested persons and to extend EMCC's temporary registration as a clearing agency until August 20, 2000.

⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(a)(1).

² Letter from Richard Paley, Associate Counsel, EMCC (July 1, 1999) and Form CA-1 (July 1, 1999).

On February 13, 1998, pursuant to Sections 17A(b) and 19(a)(1) of the Act³ and Rule 17Ab2-1 promulgated thereunder,⁴ the Commission granted EMCC's application for registration as a clearing agency until August 20, 1999.⁵ EMCC was created to facilitate the clearance and settlement of transactions in U.S. dollar denominated Brady Bonds.⁶

EMCC began operating on April 6, 1998, with ten dealer members and five interdealer brokers clearing through Daiwa Securities America, Inc.⁷ In its first month of operation, EMCC members achieved an average trade-date matching the rate of over 97 percent on 71 eligible securities for an average volume of over 360 sides per day.⁸ Prior to EMCC beginning its operations, approximately only 40 percent of trades compared on trade date resulting in a considerable number of failed transactions.⁹ During its temporary registration period, EMCC typically handled 700 sides per day. However, during the market crisis in Asia, Latin America, and Russia, EMCC successfully handled volume in excess of 1,000 sides per day.¹⁰

During its temporary registration period, EMCC expanded the list of eligible instruments to include not only Brady Bonds but also the sovereign debt of any emerging market country.¹¹ EMCC also modified its rules to allow it to accept data directly from either its members or from service bureaus and to compare trades.¹²

As part of EMCC's temporary registration, the Commission granted EMCC temporary exemptions from Section 17A(b)(3)(B) of the Act because EMCC did not provide for the admission of some of the categories of members

³ 15 U.S.C. 78q-1(b) and 78s(a)(1).

⁴ 17 CFR 240.17Ab2-1.

⁵ Securities Exchange Act Release No. 39661, International Series Release No. 1117 (February 13, 1998), 63 FR 8711 (February 20, 1998) ("Registration Order").

⁶ Brady bonds are restructured bank loans. They were first issued pursuant to a plan developed by then U.S. Treasury Secretary Nicholas Brady to assist debt-ridden countries restructure their sovereign debt into commercially marketable securities. The plan provided for the exchange of bank loans for collateralized debt securities as part of an internationally supported sovereign debt restructuring. Typically, the collateral would be U.S. Treasury securities.

⁷ EMCC has been advised that Daiwa will stop providing clearing services for interdealer brokers by the end of September 1999.

⁸ EMCC Annual Report, p. 2.

⁹ *Id.*

¹⁰ *Id.*

¹¹ Securities Exchange Act Release No. 40363 (August 25, 1998), 63 FR 46 46263 (August 31, 1999).

¹² Securities Exchange Act Release No. 41247 (April 2, 1999), 64 FR 17705 (April 12, 1999).

⁷ Under CBOE Rules 2.40 the appropriate Floor Procedure Committee actually imposes the surcharge on a class of options but the marketmakers in the trading crowd may recommend a surcharge amount.

⁸ 15 U.S.C. 78f(b)(5).

required by that section.¹³ To date, EMCC continues to limit the categories of entities eligible for membership to U.S. broker-dealers, United Kingdom broker-dealers, U.S. banks, and non-U.S. banks. As the Commission noted in the Registration Order, the Commission believes that providing for limited categories of members is appropriate at least during a clearing agency's initial phases of operations especially when no one in a category not covered by EMCC desires to be a member. Accordingly, the Commission is extending EMCC's temporary exemption from Section 17A(b)(3)(B).

The Commission also granted EMCC a temporary exemption from Sections 17A(b)(3)(A) and 17A(b)(3)(F) of the Act to permit EMCC to use, subject to certain limitations, ten percent of its clearing fund to collateralize a line of credit at Euroclear to finance on an intraday basis the receipt by EMCC of eligible instruments from one member that EMCC will redeliver to another member.¹⁴ The Registration Order limited EMCC's use of clearing fund deposits for this intraday financing to the earlier of one year after EMCC commenced operations or the date on which EMCC begins its netting service. On April 2 and May 17, 1999 the Commission approved rule changes that permitted EMCC to implement a netting service and that extended EMCC's ability to use clearing fund deposits for intraday financing at Euroclear until all EMCC members are netting members (as opposed to the date on which netting services are available or EMCC's first anniversary).¹⁵ Accordingly, the Commission is extending EMCC's temporary exemption from Section 17A(b)(3)(A) and (F).

Interested persons are invited to submit written data, views, and arguments concerning the foregoing application. Such written data, views, and arguments will be considered by the Commission in granting registration or instituting proceedings to determine whether registration should be denied in accordance with Section 19(a)(1) of the Act.¹⁶ 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 amended application for registration and all written comments will be available for

inspection at the Commission's Public Reference Room, 450 Fifth Street, NW., Washington, DC 20549. All submissions should refer to File No. 600-30 and should be submitted by September 8, 1999.

It is therefore ordered, pursuant to Section 19(a) of the Act, that EMCC's registration as a clearing agency (File No. 600-30) be and hereby is temporarily approved through August 20, 2000.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-21441 Filed 8-17-99; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41731; File No. SR-NASD-99-39]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the National Association of Securities Dealers, Inc. Regarding Riskless Principal Trade Reporting Rules

August 11, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 5, 1999, the National Association of Securities Dealers, Inc. ("NASD" or "Association"), through its wholly owned subsidiary, the Nasdaq Stock Market, Inc. ("Nasdaq"), filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by Nasdaq. Nasdaq has designated this proposal as one constituting a stated policy and interpretation with respect to the meaning of an existing rule under Section 19(b)(3)(A)(i) of the Act³ and Rule 19b-4(f)(1)⁴ thereunder, which renders the rule effective upon the Commission's receipt of this filing. 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

Nasdaq filed with the SEC an interpretation to NASD Rules 4632, 4642, 4652, and 6620, regarding riskless principal trade-reporting. The interpretation, which will be issued as a *Notice to Members*, addresses how mark-ups and other fees will be treated for determining whether trades are executed at the "same" price, for purposes of the aforementioned NASD rules. The text of the proposed rule change is available at the NASD, and at the 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, Nasdaq 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. Nasdaq 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

Background. On March 24, 1999, the Commission approved a proposal to amend the trade reporting rules relating to riskless principal transactions in Nasdaq National Market, The Nasdaq SmallCap Market, Nasdaq convertible debt, and non-Nasdaq OTC equity securities.⁵ When the SEC approved the rule change, the Commission asked Nasdaq to submit an interpretation providing examples of how mark-ups, mark-downs, and other fees will be excluded for purposes of the amended riskless principal rules.⁶ As requested, Nasdaq is distributing *Notice to Members* 99-65,⁷ which provides examples of how mark-ups and other fees will be excluded for purposes of the riskless principal trade-reporting rules, as an interpretation to existing NASD Rules 4632, 4642, 4652, and 6620.

⁵ See Securities Exchange Act Release No. 41208 (March 24, 1999) 64 FR 15386 (March 31, 1999) (SR-NASD-98-59).

⁶ See *id.* at footnote 15.

⁷ The NASD has submitted *Notice to Members* 99-65 as Exhibit 2 to this rule filing. The Notice is available for inspection at the NASD and at the Commission.

¹³ Registration Order at 8716.

¹⁴ Registration Order at 8720.

¹⁵ Securities Exchange Act Release Nos. 41247 (April 2, 1999), 64 FR 17705 (April 12, 1999) and 41415 (May 17, 1999), 64 FR 27841 (May 21, 1999).

¹⁶ 15 U.S.C. 78s(a)(1).

¹⁷ 17 CFR 200.30-3(a)(16).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(i).

⁴ 17 CFR 240.19b-4(f)(1).