

circumstances.² By Order dated March 7, 1997 (HCAR No. 26682), RESCO was authorized to form one or more partly or wholly owned subsidiaries ("New Subsidiaries") to provide one or more of the Authorized Services.

To the extent not exempt of otherwise authorized by the Commission, RESCO also requests an exemption from the "at-cost" requirements of rules 90 and 91 for Authorized Services rendered by RESCO or any New Subsidiary to any partially owned associate Power Project, exempt telecommunications company (as defined in section 34 of the Act), or energy-related company (as defined in Rule 58 under the Act) or New Subsidiary, provided that the ultimate purchaser of the Authorized Services is not an associate public utility company or a subsidiary of AEP whose activities and operations are primarily related to the provision of services or goods to associate public utility companies. In addition the Applicants request that the exemption apply to Authorized Services RESCO provides to any subsidiary of AEP Resources, Inc., ("Resources")³ a nonutility subsidiary of AEP, (i) that is engaged solely in the business of developing, owning, operating and/or providing Authorized Services to those exempt Power Projects enumerated above, or (ii) that does not derive directly or indirectly, any material part of its income from sources within the United States and is not a public utility company operating within the United States.

By orders dated April 5, 1995, December 28, 1995 and December 16, 1998 (HCAR Nos. 26267, 26442 and 26952, respectively) the Commission authorized AEP to: (1) Guarantee the

debt of RESCO in an amount not to exceed \$51 million through December 31, 2001; and (2) issue guarantees and assumptions of liability on behalf of RESCO to third parties in an aggregate amount not to exceed \$200 million through December 31, 2001 (collectively, the "Guarantee Authority").

Applicants now propose to extend the period of Guarantee Authority through June 30, 2004. Applicants also propose that the Guarantee Authority be increased to allow AEP to (1) guarantee the debt of RESCO to third parties in an amount not to exceed \$400 million and (2) issue guarantees and assumptions of liability on behalf of RESCO to third parties in an amount not to exceed \$400 million. Applicants state that the authority sought is necessary, in part, because RESCO has entered into an agreement with National Power Cooperative, Inc. ("National"), an affiliate of Buckeye Power, Inc., to design, engineer, procure all materials and equipment and construct for National a 510 megawatt gas-fired peaking unit. In addition, Applicants are investigating several opportunities to, among other things, design, engineer and procure equipment and materials to construct generating stations and other projects relating to the generation, transmission and distribution of electric power.

For the Commission by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release 34-42568; File No. 600-22]

Self-Regulatory Organizations; MBS Clearing Corporation; Notice of Filing and Order Extending Temporary Registration as a Clearing Agency

March 23, 2000.

Notice is hereby given that on February 8, 2000, MBS Clearing Corporation ("MBSCC") filed with the Securities and Exchange Commission ("Commission") an application pursuant to Section 19(a) of the Securities Exchange Act of 1934 ("Act")¹ requesting that the Commission grant MBSCC full registration as a clearing agency or in the alternative extend MBSCC's

temporary registration as a clearing agency until such time as the Commission is able to grant MBSCC permanent registration.² The Commission is publishing this notice and order to solicit comments from interested persons and to extend MBSCC's temporary registration as a clearing agency through March 31, 2001.

On February 2, 1987, pursuant to Sections 17A(b) and 19(a) of the Act³ and Rule 17Ab2-1 promulgated thereunder,⁴ the Commission granted MBSCC registration as a clearing agency on a temporary basis for a period of eighteen months.⁵ The Commission subsequently has extended MBSCC's registration through March 31, 2000.⁶

As discussed in detailed in the original order granting MBSCC's registration, one of the primary reasons for MBSCC's registration was to enable it to provide for the safe and efficient clearance and settlement of transactions in mortgage-backed securities. Since its original temporary registration order, MBSCC has implemented many improvements and continues to work towards enhancing the safety and efficiency of its operations. For example, during the past year, MBSCC amended its risk management rules to: (i) Implement a net-out report, (ii) modify financial reporting by participants, (iii) modify certain special provisions applicable to non-domestic participants, (iv) add a provision for additional assurances, and (v) clarify MBSCC's role as a agent in a liquidation.⁷ MBSCC also modified its rules regarding letters of credit to implement the Uniform Letter of Credit developed by the Unified Clearing Group.⁸ In addition, MBSCC amended its rules to add net position and net-out position components to the formula MBSCC uses to calculate market margin differential deposits to the participants fund.⁹ MBSCC adopted rules to

² The exemption applies to a transaction when a Power Project entity is: (a) a FUCO, or an EWG which derives no part of its income, directly, or indirectly, from the generation, transmission, or distribution of electric energy for sale within the United States; or (b) an EWG which sells electricity at market-based rates which have been approved by the Federal Energy Regulatory Commission ("FERC") or the appropriate state public utility commission, provided that the purchaser of such electricity is not an associate company of RESCO within the AEP System; or (c) a QF that sells electricity exclusively (i) at rates negotiated at arms'-length to one or more industrial or commercial customers purchasing such electricity for their own use and not for resale, and/or (ii) to an electricity utility company, other than any associate company of RESCO within the AEP System, at the purchaser's "avoided cost" as determined in accordance with the regulations under the Public Utility Regulatory Policies Act of 1978; or (d) an EWG or QF that sells electricity at rates based upon its cost of service, as approved by FERC or any state public utility commission having jurisdiction, provided that the purchaser of such electricity is not an associate company of RESCO with the AEP System.

³ Resources is involved in preliminary development activities related to Power Projects.

¹ 15 U.S.C. 78s(a).

² Letter from Anthony Davidson, Managing Director and General Counsel, MBSCC (February 8, 2000).

³ 15 U.S.C. 78q-1(b) and 78s(a).

⁴ 17 CFR 240.17Ab2-1.

⁵ Securities Exchange Act Release No. 24046 (February 2, 1987), 52 FR 4218.

⁶ Securities Exchange Act Release Nos. 25957 (August 2, 1988), 53 FR 29537; 27079 (July 31, 1989), 54 FR 34212; 28492 (September 28, 1990), 55 FR 41148; 29751 (September 27, 1991), 56 FR 50602; 31750 (January 21, 1993), 58 FR 6424; 33348 (December 15, 1993), 58 FR 68183; 35132 (December 21, 1994) 59 FR 67743; 37372 (June 26, 1996) 61 FR 35281; 38784 (June 27, 1997), 62 FR 36587; 39776 (March 20, 1998), 63 FR 14740; and 41211 (March 24, 1999), 64 FR 15854.

⁷ Securities Exchange Act Release No. 41714 (August 6, 1999), 64 FR 44250.

⁸ Securities Exchange Act Release No. 41803 (August 27, 1999), 64 FR 48692.

⁹ Securities Exchange Act Release No. 42173 (November 23, 1999), 64 FR 67363.

facilitate a smooth Year 2000 transition.¹⁰

MBSCC has functioned effectively as a registered clearing agency for over ten years. Accordingly, in light of MBSCC's past performance and the need for continuity in the services MBSCC provides to its participants, the Commission believes that it is necessary and appropriate in the public interest and for the prompt and accurate clearance and settlement of securities transactions to extend MBSCC's temporary registration through March 31, 2001. During this temporary registration period, the Commission anticipates that it will act on MBSCC's application for permanent registration. Any comments received during MBSCC's temporary registration will be considered in conjunction with the Commission's review of MBSCC's request for permanent registration as a clearing agency under Section 17A of the Act.¹¹

Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments with respect to whether the Commission should grant MBSCC permanent registration as a clearing agency. 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 request for permanent registration as a clearing agency that are filed with the Commission, and all written communications relating to the extension between the Commission and any person, other than those that may be withheld from the public in accordance with 5 U.S.C. 552, will be available for inspection and copying at the Commission's Public Reference Room, 450 Fifth Street, NW, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of MBSCC. All submissions should refer to File No. 600-22 and should be submitted by April 20, 2000.

Conclusion

It is therefore ordered pursuant to Sections 17A(b) and 19(a) of the Act that MBSCC's temporary registration as a clearing agency (File No. 600-22) be and hereby is extended through March 31, 2001.

¹⁰ Securities Exchange Act Release No. 41910 (September 23, 1999), 64 FR 52816.

¹¹ 15 U.S.C. 78q-1.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹²

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42573; File No. SR-NASD-99-53]

Self-Regulatory Organizations; Notice of Filing of Amendment No. 4 to Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to the Establishment of Nasdaq Order Display Facility and to Modifications of the Nasdaq Trading Platform

March 23, 2000.

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 March 23, 2000, the National Association of Securities Dealers, Inc. ("NASD"), through its wholly-owned subsidiary, the Nasdaq Stock Market, Inc. ("Nasdaq"), filed with the Securities and Exchange Commission ("Commission") Amendment No. 4 to the proposed rule change as described in Items I, II, and III below, which Items have been prepared by Nasdaq. The proposed rule change and Amendment Nos. 1 and 2 were published for comment in the **Federal Register** on December 6, 1999.³ On March 16, 2000, Nasdaq filed Amendment No. 3 to the proposal.⁴ The Commission is publishing this notice to solicit comments on Amendment No. 4 to the proposed rule change from interested persons.⁵

¹² 17 CFR 200.30-3(a)(16).

¹⁵ U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 42166 (Nov. 22, 1999), 64 FR 69125.

⁴ See letter from Richard G. Ketchum, President, NASD, to Belinda Blaine, Associate Director, Division of Market Regulation ("Division"), Commission (March 15, 2000) ("Amendment No. 3"). In Amendment No. 3, the NASD responded to comment letters and submitted substantive, clarifying, and technical amendments to the proposal.

⁵ This 19b-4 filing, representing Amendment No. 4 to SR-NASD-99-53, reflects the substantive amendments proposed in Amendment No. 3 to the filing, and contains some technical changes and clarifying information that the Commission has requested.

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

Nasdaq and the NASD propose the following amendments in response to comment letters submitted to the Commission regarding the proposal as originally noticed. The amended rule language is as follows:⁶

Proposed additions are *italicized* and proposed deletions are placed in [brackets].

4720. SelectNet Service—Deleted

* * * * *

4611. Registration as a Nasdaq Market Maker

(a)–(e) No Change.

(f) Unless otherwise specified by the Association, each Nasdaq market maker that is registered as a market maker in a Nasdaq[National Market security]-*listed security* shall also at all times be registered as a market maker in the Nasdaq National Market Execution System (NNMS) with respect to that security and be subject to the NNMS Rules as set forth in the Rule 4700 Series. [Participation in the Small Order Execution System (SOES) shall be voluntary for any Nasdaq market maker registered to make a market in a Nasdaq SmallCap security.]

(g) No Change.

* * * * *

4613. Character of Quotations

(a) Two-Sided Quotations

(1) For each security in which a member is registered as a market maker, the member shall be willing to buy and sell such security for its own account on a continuous basis and shall enter and maintain a two-sided quotation[s] (*"Principal Quote"*), which is attributed to the market maker by a special maker participant identifier (*"MMID"*) and is displayed in the *Nasdaq Quotation Montage* [in The Nasdaq Stock Market] at all times, subject to the procedures for excused withdrawal set forth in Rule 4619.

(A) A registered market maker in a *Nasdaq-listed* security [listed on The Nasdaq Stock Market] must display a

⁶ The amended rule language contained in this notice reflects the Commission's recent approval of SR-NASD-99-11, regarding the establishment of the Nasdaq National Market System ("NNMS"). See Securities Exchange Act Release No. 42344 (January 14, 2000), 65 FR 3987 (January 25, 2000) (Order for File No. SR-NASD-99-11 functionally integrating the Small Order Execution System ("SOES") and SelectNet system to become the foundation of the NNMS.) In addition, the amended rule language replaces, in the entirety, the rule language contained in the original filing, as well as Amendment Nos. 1, 2 and 3.