

1995, GSCC filed with the commission an amended Form CA-1. The Commission published notice of GSCC's request in the **Federal Register** on April 24, 1995.<sup>4</sup> No comments were received. This order extends GSCC's temporary registration as a clearing agency through November 31, 1995.

GSCC provides automated clearance and settlement services to its members for their transactions in government securities.<sup>5</sup> One of the primary reasons for GSCC's registration was to provide comparison services for transactions in government securities. GSCC offers its members netting and comparison services including services for next-day settling trades, forward settling trades, auction takedown activity, the multilateral meeting of trades, the novation of netted trades, and the daily marking-to-the-market. In connection with GSCC's clearance and settlement services, GSCC provides a centralized loss allocation procedure and maintains margin to offset netting and settlement risks.

As a part of GSCC's request for full clearing agency registration, GSCC has requested that the Commission remove GSCC's exemption from the participation standards of Sections 17A(b)(3)(B) and 17A(b)(4)(B) of the Act.<sup>6</sup> The Commission recently has approved two proposed rule changes that increase the categories of those eligible for membership in GSCC's netting system,<sup>7</sup> as well as a proposed

rule change which establishes minimum financial standards for insurance companies applying for GSCC membership.<sup>8</sup> In addition, GSCC has asserted that its current selection process for its board of directors, which permits any GSCC member to nominate candidates for election to the Board and to vote for candidates so nominated, assures fair representation.<sup>9</sup> GSCC further has stated that it recognizes future membership growth may require GSCC to adjust the selection process to ensure fair member representation on the Board.<sup>10</sup>

GSCC has made substantial progress toward satisfying the requirements enumerated in Section 17A(b) of the Act. However, the Commission believes that GSCC's exemptions from the participation standards set forth in Sections 17A(b)(3)(B) and 17A(b)(4)(B) of the Act should be continued at this time. Although GSCC has made advancements to encourage participation by the establishment of new membership categories, the Commission notes GSCC has had little practical experience with the utilization of the new categories. To date only two of these new categories for membership, the futures commission merchant and the Category 2 dealer netting member, have been employed, and within these categories only three new GSCC members have been added.<sup>11</sup> Furthermore, during the continued temporary approval period, GSCC will gain experience with its new procedures described above, and the Commission will be able to better evaluate GSCC's compliance with Section 17A of the Act.<sup>12</sup>

It is therefore ordered that GSCC's temporary registration as a clearing

agencies, and registered insurance companies). A Category 2 dealer netting member has a lower net worth threshold but more stringent margin requirements than for other ("Category 1") dealer netting members. Since establishment of the new membership categories, a futures commission merchant and two Category 2 dealers have been admitted to netting system membership under the new categories.

<sup>8</sup> Securities Exchange Act Release No. 35640 (April 24, 1995), 60 FR 21014 (order approving establishment of minimum financial requirements for insurance companies seeking GSCC membership).

<sup>9</sup> Registration Letter, *supra* note 3.

<sup>10</sup> *Id.*

<sup>11</sup> *Supra* note 7.

<sup>12</sup> The Commission also will continue GSCC's exemption from the fair representation standards for Section 17A(b)(3)(C) during the temporary registration period. Prior to granting permanent registration, the Commission will continue to evaluate GSCC's criteria for selecting its Board of Directors to ensure that the selection criteria is sufficiently flexible and assures adequate representation among GSCC's membership consistent with Section 17A(b)(3)(C) of the Act.

agency (File No. 600-23) be and hereby is extended through November 31, 1995 subject to the terms set forth above.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>13</sup>

**Jonathan G. Katz,**

*Secretary.*

[FR Doc. 95-14001 Filed 6-7-95; 8:45 am]

BILLING CODE 8010-01-M

## SMALL BUSINESS ADMINISTRATION

### Notice of Action Subject to Intergovernmental Review

**AGENCY:** Small Business Administration.

**ACTION:** Notice of action subject to Intergovernmental Review Under Executive Order 12372.

**SUMMARY:** This notice provides for public awareness of SBA's intention to refund twenty-three existing Small Business Development Centers (SBDCs) on October 1, 1995. Currently there are 56 SBDCs operating in the SBDC program. The following SBDCs are intended to be refunded, subject to the availability of funds: Alabama, Alaska, Connecticut, Delaware, Iowa, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Mississippi, Missouri, New York, Ohio, Puerto Rico, Dallas, Houston, Lubbock, San Antonio, Vermont, Virgin Islands, West Virginia, and Wyoming. This notice also provides a description of the SBDC program by setting forth a condensed version of the program announcement which has been furnished to each of the SBDCs to be refunded. This publication is being made to provide the State single points of contact, designated pursuant to Executive Order 12372, and other interested State and local entities, the opportunity to comment on the proposed refunding in accord with the Executive Order and SBA's regulations found at 13 CFR part 135.

**EFFECTIVE DATE:** September 6, 1995.

**ADDRESSES:** Comments should be addressed to Ms. Johnnie L. Albertson, Associate Administrator for SBDC Program, U.S. Small Business Administration, 409 Third Street, SW., Suite 4600, Washington, DC 20416.

**FOR FURTHER INFORMATION CONTACT:** Same as above.

### Notice of Action Subject to Intergovernmental Review

SBA is bound by the provisions of Executive Order 12372, "Intergovernmental Review of Federal

The Commission subsequently extended GSCC's registration until May 31, 1995. Securities Exchange Act Release Nos. 29067 (April 11, 1991), 56 FR 15652 and 32385 (June 3, 1993), 58 FR 32405.

<sup>4</sup> Securities Exchange Act Release No. 35618 (April 17, 1995), 60 FR 20131.

<sup>5</sup> "Government securities" means securities issued or guaranteed by the United States ("U.S."), U.S. government agencies and instrumentalities, and U.S. government-sponsored corporations. 15 U.S.C. 3(a)(42) (1990).

<sup>6</sup> At the time of GSCC's initial registration, the Commission determined that GSCC's rules did not enumerate the statutory categories of membership as required by Section 17A(b)(3)(B) and the financial standards for applicants and members as contemplated by Section 17A(b)(4)(B) of the Act. 15 U.S.C. 78q-1(b)(3)(B), 78q-1(b)(4)(B) (1988). In addition, the Commission determined that while the composition of GSCC's Board of Directors reasonably reflected GSCC's anticipated initial membership, it would be appropriate to reevaluate whether GSCC's process for selecting its Board of Directors complied with the fair representation requirements in Section 17A(b)(3)(C) of the Act before granting full registration as a clearing agency. 15 U.S.C. 78q-1(b)(3)(C) (1988).

<sup>7</sup> Securities Exchange Act Release Nos. 34935 (November 3, 1994), 59 FR 56100 (order approving establishment of new categories of netting system membership for futures commission merchants) and 32722 (August 5, 1993), 58 FR 42993 (order approving establishment of new categories of netting system membership for dealer ("Category 2") and interdealer brokers, issuers of government securities, insurance companies, registered clearing

<sup>13</sup> 17 CFR 200.30-3(a)(50)(i) (1994).