

Room 5315, Washington, DC 20415-0001, (202) 606-1000.

SUPPLEMENTARY INFORMATION: We invite interested persons and organizations to submit written comments. Mail or deliver your comments to Mr. Douglas K. Walker at the address shown above. Written comments should be received by December 8 in order to be considered at the December 13 meeting.

Office of Personnel Management.

James B. King,

Director.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-36559; File No. SR-GSCC-95-04]

Self-Regulatory Organizations; Government Securities Clearing Corporation; Order Approving a Proposed Rule Change Modifying GSCC's By-laws To Provide Indemnification Protection for Members of Committees

December 6, 1995.

On August 25, 1995, the Government Securities Clearing Corporation ("GSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-GSCC-95-04) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").¹ Notice of the proposal was published in the Federal Register on November 6, 1995.² No comment letters were received. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

I. Description

GSCC has amended its by-laws to provide indemnification protection for members of committees established by GSCC's Board of Directors who are not officers or directors of GSCC. Article IV, Section 4.1, of GSCC's by-laws currently requires that GSCC indemnify to the full extent permitted by law a present or past director or officer of GSCC who is made a party to any action or proceeding, whether civil or criminal, by reason of the fact that such person is or was a director or officer of GSCC.

The indemnification obligation under Article IV, Section 4.1, did not extend to members of committees established by GSCC's Board of Directors if the

members of the committees were not directors or officers of GSCC. Thus, for example, the indemnification protection in GSCC's by-laws did not cover most of the members of GSCC's Risk Management Committee who are senior credit officers of GSCC member firms.³ The amendment provides members of Board-established committees with indemnification protection comparable to the protection currently given to GSCC's directors and officers.

II. Discussion

Section 17A(b)(3)(F)⁴ of the Act requires that the rules of a clearing agency be designed to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. The Commission believes GSCC's proposed rule change is consistent with the requirements of Section 17A(b)(3)(F) because the proposal, by affording appropriate protection to committee members, should enable GSCC to obtain the services of qualified individuals on its Board-established committees and should help ensure that such individuals may act freely and objectively in the exercise of their duties. By enhancing the selection and objectivity of its committee members, GSCC's committees may better fulfill their obligations to limit credit and market risks to GSCC's system thus assuring GSCC's ability to safeguard securities and funds under its control.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular 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-GSCC-95-04) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-30301 Filed 12-2-95; 8:45 am]

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³ The Risk Management Committee provides advice to GSCC on the creditworthiness of individual applicants for netting system membership, on the assessment of the financial status of current netting system members, and on market conditions affecting the government securities market.

⁴ 15 U.S.C. 78q-1(b)(3)(F) (1988).

⁵ 17 CFR 200.30-3(a)(12) (1994).

[Release No. 34-36557; File No. SR-MBSCC-95-8]

Self-Regulatory Organizations; MBS Clearing Corporation; Notice of Filing Relating to Eligibility Changes for Settlement Balance Order Settlement

December 6, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on October 17, 1995, MBS Clearing Corporation ("MBSCC") 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 MBSCC. On November 1, 1995, MBSCC filed an amendment to its proposed rule change.² 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 consists of modifications to MBSCC's Procedures relating to eligibility for Settlement Balance Order (SBO) settlement.

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

In its filing with the Commission, MBSCC 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. MBSCC 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

The proposed rule change will modify MBSCC's Procedures relating to eligibility for SBO settlement. Specifically, the purpose of the proposed rule change is to enable MBSCC to reject trades destined for SBO settlement between multiple accounts of a participant as well as between a participant's account and an account of

¹ 15 U.S.C. § 78s(b)(1) (1988).

² Letter from Anthony H. Davidson, MBSCC, to Michele J. Bianco, Division of Market Regulation, Commission (November 1, 1995).

³ The Commission has modified parts of these statements.

¹ 15 U.S.C. 78s(b)(1) (1988).

² Securities Exchange Act Release No. 36435 (October 30, 1995), 60 FR 56082.