

and (C) below, of the most significant aspect of such statements.²

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

Pursuant to the Procedures for Clearing of Securities and Financial Instrument Transactions ("Combined Procedures"),³ multiple brokers may participate in the system operated by DCC and new brokers may be authorized by DCC to participate in the system. DCC has authorized Tullet, which is currently an authorized broker in the system for repurchase agreement ("repo") and reverse repo trades, to participate as a broker in the system operated for options on U.S. treasury securities.

DCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act⁴ and the rules and regulations thereunder because it facilitates the prompt and accurate clearance and settlement of securities transactions.

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

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

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

Comments were neither solicited nor received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)⁵ of the Act and pursuant to Rule 19b-4(e)(4)⁶ promulgated thereunder because the proposal effects a change in an existing service of a registered clearing agency that does not adversely affect the safeguarding of securities or funds in the custody or control of the clearing agency or for which it is responsible and does not significantly affect the respective rights or obligations of the filing of the clearing agency or persons using the

service. At any time within sixty days of the filing of such rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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, N.W., Washington, D.C. 20549. 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, 350 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing also will be available for inspection and copying at the principal office of DCC. All submissions should refer to File No. SR-DCC-98-02 and should be submitted by May 11, 1998.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39852; File No. SR-DTC-97-12]

Self-Regulatory Organizations; The Depository Trust Company; Order Approving a Proposed Rule Change To Establish a Voluntary Redemption and Sales Service for Depository Eligible Units of Unit Investment Trust

April 10, 1998.

On June 27, 1997, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") and on January 22,

1998, amended as proposed rule change (File No. SR-DTC-97-12) 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 February 19, 1998.² No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

I. Description

Under the rule change, DTC will establish the investor's voluntary redemptions and sales service ("IVORS"), a redemption and sales service for depository eligible units of unit investment trusts ("UITs"). IVORS will offer two basic UIT services: (1) redemption of units with the UIT transfer agent for cash payment and (2) sales of units to the UIT sponsor for cash payment. IVORS initially will be available to eligible DTC participants by way of DTC's participant terminal system ("PTS").

IVORS will be available only if: (1) the UIT units are DTC-eligible and are held in DTC's fast automated securities transfer ("FAST") system;³ (2) the FAST transfer agent currently is or agrees to become a full service DTC participant; and (3) the UIT's lead sponsor or its clearing agent agrees to participant in IVORS as a DTC participant.

When a UIT becomes eligible for IVORS, its FAST transfer agent will submit initial standing instructions for the UIT to an IVORS database on PTS regarding participants' ability to redeem or to sell units through IVORS. The UIT sponsor will be able to make daily changes to those standing instructions by way of PTS. When a participant holding UIT units in its DTC account submits a request through IVORS to surrender the units for their value, IVORS will determine which of the two basic services (*i.e.*, redemption or sale) is available for the units based on the standing instructions for the UIT in the IVORS database. The participant submitting the UIT units will have the choice of accepting the determination of which of the two services is available or canceling its request to surrender its units.

On the date of the participant's request to surrender the units ("T"), IVORS will move the surrendered units from the participant's free position to its "IVORS pending surrender segregation

² The Commission has modified the text of the summaries prepared by DCC.

³ Securities Exchange Act Release No. 39236 (October 14, 1997) 62 FR 54661 [File No. SR-DCC-97-04] (order approving the Combined Procedures).

⁴ 15 U.S.C. 78q-1.

⁵ 15 U.S.C. 78s(b)(3)(A)(iii).

⁶ 17 CFR 240.19b-4(e)(5).

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² Securities Exchange Act Release No. 39647 (February 11, 1998), 63 FR 8508.

³ DTC has informed the Commission that DTC-eligible UIT units usually are held in the FAST system.

account." Before the end of the day on T+2, either the FAST transfer agent or the UIT sponsor will enter into IVORS the redemption price (if the units are to be redeemed) or the purchase price (if the units are to be sold) plus the accrued dividend per unit. Both redemptions and sales of units through IVORS will be settled on T+3.

IVORS automatically will calculate the settlement value of the redemption or sale and will generate a deliver order ("DO") to move the units versus payment of the settlement value from the redeeming participant's IVORS pending surrender segregation account either to the FAST transfer agent's DTC participant account (in the case of a redemption) or to the UIT sponsor's DTC participant account (in the case of a sale). If the units are being redeemed, IVORS automatically will generate a second DO to remove the units from the FAST transfer agent's DTC participant account. If the units are being sold, the units will remain in the UIT sponsor's DTC account until the UIT sponsor later delivers them to a secondary-market purchaser or redeems them by way of IVORS.

II. Discussion

Section 17A(b)(3)(F) of the Act⁴ requires that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions. The Commission believes that the proposed rule change is consistent with DTC's obligations under Section 17A(b)(3)(F) because it should improve efficiency in the processing of UIT transactions by eliminating the certificate processing responsibilities of participants electing to use IVORS and by reducing the movement of physical securities certificates. This in turn should reduce the instances of erroneous processing and loss that sometimes occur with the movement of physical securities certificates.

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-DTC-97-12) be and hereby is approved.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39849; File No. SR-MBSCC-97-09]

Self-Regulatory Organizations; MBS Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Fees and Charges

April 10, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on November 5, 1997, MBS Clearing Corporation ("MBSCC") filed with the Securities and Exchange Commission ("Commission") and on November 13, 1997, and February 27, 1998, amended the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by MBSCC. 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 proposed rule change revises MBSCC's fee schedule to add fees for the late payment of participant's payment obligations.

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.²

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

MBSCC's rules and procedures require participants to satisfy all payment obligations by 12:00 p.m. Eastern Standard Time ("EST") on the day that they are due.³ This noon deadline provides MBSCC with sufficient time to use such funds to pay participants in a credit position or to liquidate a participant's collateral to cover a default so that funds are available to pay such participant's obligations.

Currently, participants that fail to satisfy a payment obligation by the noon deadline are subject to a \$50.00 charge. Although the majority of payment obligations due to MBSCC are paid on the day on which they are due, many are paid after the noon deadline. Failure by a participant to timely satisfy its payment obligations could jeopardize MBSCC's ability to fulfill its obligations to participants with a credit position.

The purpose of the proposed rule change is to revise fees for late payment of obligations by adding a late payment fee schedule. The purpose of these new fees is to both motivate participants to pay their obligations prior to the noon deadline and to compensate MBSCC for the costs associated with monitoring such late payments. The late payment fee schedule is based both on the size of the cash obligation payment that is not timely made and the frequency of such participant's late payments over a rolling ninety day period. MBSCC's late payment fine schedule is set forth below.

Payable cash obligation	First occurrence	Second occurrence	Third occurrence	Fourth occurrence
\$50.00.00-100,000.00	\$50.00	\$100.00	\$250.00	\$500.00
100,000.01-1,000,000.00	100.00	200.00	500.00	1,000.00
1,000,000.01-1,500,000.00	200.00	400.00	1,000.00	2,000.00
1,500,000.01-3,000,000.00	500.00	1,000.00	2,500.00	5,000.00
3,000,000.01-5,000,000.00	1,000.00	2,000.00	5,000.00	10,000.00

⁴ 15 U.S.C. 78q-1(b)(3)(F).

⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² The Commission has modified the text of the summaries prepared by MBSCC.

³ These payment obligations result from settlement balance order market differential obligations, cash adjustment obligations, broker commissions, miscellaneous cash obligations, and MBSCC clearing and electronic pool notification bills.