For the Commission by the Division of Market Regulation, pursuant to delegated authority.[6]

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–42176; File No. SR–NSCC–99–12]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of Proposed Rule Change Relating to the Transfer of the Global Network and the International Link Service to NSCC

November 23, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on September 23, 1999, the National Securities Clearing Corporation (''NSCC'') 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 NSCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

The proposed rule change will allow NSCC to offer the Global Clearance Network Service (''GCN'') and the International Link Service (''ILS'') previously offered by the International Securities Clearing Corporation (''ISCC'').

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

In its filing with the Commission, NSCC 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. NSCC has prepared summaries, set forth in sections (A), (B) and (C) below, of the most significant aspects of these statements.[2]

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

The purpose of the proposed rule change is to permit NSCC to offer the GCN and the ILS previously offered by ISCC. ISCC, a wholly owned subsidiary of NSCC, is proposing to stop providing clearance and settlement services and transfer its core services to NSCC. According to NSCC, it is no longer cost-effective to provide international clearance and settlement services through a separate company.[3]

GCN was originally approved by the Commission in 1991.[4] It facilitates and centralizes the processing of international transactions at a beneficial cost to ISCC members. Under ISCC's Rule 50, GCN allows ISCC members, utilizing standardized input and output formats, to transmit data to ISCC several times throughout the day using a standardized trade format. Upon receipt, ISCC validates the data and, if accepted, translates the data into the format of specified agent banks. Accepted data is transmitted to the agent banks where processing occurs under the agent banks' normal terms, conditions, and operating framework.

ISCC has provided ILS since its inception in 1989 as a clearing corporation. In accordance with ISCC's Rule 40, which permits ISCC to establish links with foreign financial institutions (''FFIs''), ISCC sponsors accounts at The Depository Trust Company (''DTC'') for the purpose of providing FFIs with custody services for their U.S. securities. Deliveries and receives of securities on deposit at DTC, based on instructions from the FFI, occur through DTC free of payment.

According to NSCC, the current users of ISCC's GCN and ILS will receive from NSCC similar services under the same terms and conditions. No new programming or system format changes will be required to utilize GCN and ILS as offered by NSCC. The transfer of services will be transparent to current ISCC participants. NSCC will set the fees for these transferred services at prevailing rates.

All current GCN and ILS participants will be able to continue to utilize such services when they are offered by NSCC. Currently there are thirty users of GCN and three ILS participants. In order to provide these services, NSCC is incorporating rules substantially similar to the applicable ISCC rules and procedures: NSCC Rule 62 is based on ISCC Rule 50; NSCC Addendum U is based on ISCC Addendum E; and NSCC Rule 61 is based on ISCC Rule 40.[5]

ISCC currently provides facilities management services to the Emerging Markets Clearing Corporation (''EMCC''). In connection with ISCC's deregistration as a clearing agency, these services will be provided by NSCC.

NSCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act[6] and the rules and regulations thereunder applicable to NSCC because it will facilitate the prompt and accurate clearance and settlement of securities transactions.

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

The proposed arrangements would impose no burden on competition. After consummation of the proposed arrangements, securities industry members will continue to have access to high-quality, low-cost clearing and custody service.

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

No written comments relating to the proposed rule change have been solicited or received.

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

Within thirty-five 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 ninety days of 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 such proposed rule change or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

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[6] 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 NSCC.

[3] Concurrently with this rule filing, ISCC has submitted a proposed rule change (File No. SR–ISCC–99–01) to withdraw from the clearance and settlement business.

[4] Securities Exchange Act Release No. 29841 (October 18, 1991), 56 FR 55960. ISCC subsequently modified its processing procedures for the GCN Service through the addition of Addendum E to ISCC's Rules and Procedures. *See* Securities Exchange Act Release No. 35392 (February 16, 1995), 60 FR 10415.

[5] Because ISCC's members are also NSCC members, there is no need for NSCC to adopt ISCC's other rules governing risk management and corporate governance. Also, NSCC will not assume ISCC services that are currently dormant (*e.g.,* Foreign Netting and Comparison Service and ISCC's link with Euroclear).

[6] 15 U.S.C. 78q–1.

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 in the Commission's Public Reference Section, 450 Fifth Street, NW, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of NSCC. All submissions should refer to File No. SR–NSCC–99–12 and should be submitted by December 22, 1999.

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. 34–42174; File No. SR–NYSE–99–45]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the New York Stock Exchange, Inc. Amending List of Exchange Rule Violations and Fines Applicable Thereto

November 23, 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 November 10, 1999, the New York Stock Exchange, Inc. (''NYSE'' or ''Exchange'') 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 the Exchange. 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 NYSE proposes to revise the List of Exchange Rule Violations and Fines Applicable Thereto Pursuant to Rule 476A (''List'') for imposition of fines for minor violations of rules and/or policies by adding to the List; (1) Failure to comply with the provisions of Rule 97(a) relating to purchases by a member of additional shares of stock on a ''plus'' or ''zero-plus'' tick when it holds a long position in the stock as a result of an earlier block trade with a customer; and (2) failure to comply with Expiration Day Auxiliary Opening Procedures. The Exchange believes it is appropriate to make the failure to comply with the provisions of the above-named rule and procedure subject to the possible imposition of a fine under Rule 476A procedures. The text of the proposed rule change is available at the Office of the Secretary, NYSE 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, the Exchange 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 and is set forth in Sections A, B, and C below.

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

1. Purpose

Rule 476A provides that the Exchange may impose a fine, not to exceed $5,000, on any member, member organization, allied member, approved person, or registered or non-registered employee of a member or member organization for a minor violation of certain specified Exchange rules. The purpose of the Rule 476A procedure is to provide for a meaningful sanction for a rule violation when the initiation of a disciplinary proceeding under Rule 476 would be more costly and time-consuming than would be warranted given the minor nature of the violation, or when the violation calls for a stronger regulatory response than a cautionary letter would convey. Rule 476A preserves due process rights, identifies those rule violations which may be the subject of summary fines, and includes a schedule of fines. In SR–NYSE–84–27,[3] which initially set forth the provisions and procedures of Rule 476A, the Exchange indicated it would amend the list of rules from time to time, as it considered appropriate, in order to phase-in the implementation of Rule 476A as experience with it was gained.

The Exchange is seeking approval to add to the List of Rules subject to imposition of fines under Rule 476A procedures the failure by members or member organizations to comply with the provisions of: (1) Rule 97(a) which prohibits a member organization that holds a long position in a stock in its trading account resulting from a block transaction it effected with a customer from purchasing, for an account in which the member organization has a direct or indirect interest, additional shares of such stock on a ''plus'' or ''zero plus'' tick under certain conditions for the remainder of the trading day[4] and (2) Expiration Day Auxiliary Opening Procedures which provide that the Exchange, as soon as practicable, after 9:00 a.m. on expiration days, will publish market order imbalances of 50,000 shares or more in all stocks, may publish imbalances of less than 50,000 shares at that time with Floor Official approval, and will not publish a ''no imbalance'' status for any stock.[5]

The purpose of the proposed change to Rule 476A is to facilitate the Exchange's ability to induce compliance with all aspects of the above-cited rules. The Exchange believes failure to comply with the requirements of the rule and procedures should be addressed with an appropriate sanction and is adding violations of these requirements to the List so as to have a broad range of regulatory responses available. The Exchange believes that this would more effectively encourage compliance by enabling a prompt, meaningful and heightened regulatory response (*i.e.*, the issuance of a fine rather than a cautionary letter) to a minor violation of a rule.

The Exchange wishes to emphasize the importance it places upon

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[7] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] Securities Exchange Act Release No. 21688 (January 25, 1985), 50 FR 5025 (February 5, 1985) (approving SR–NYSE–84–27).

[4] *See* Securities Exchange Act Release No. 41500 (June 9, 1999), 64 FR 32596 (June 17, 1999).

[5] *See* NYSE Information Memoranda No. 96–34 (November 8, 1996) and No. 99–37 (July 19, 1999) for a discussion of Expiration Day Auxiliary Opening Procedures.