

U.S.C. 552(c)(4), (8), (9)(A) and (10) and 17 CFR 200.402(a)(4), (8), (9)(A) and (10), permit consideration for the scheduled matters at the closed meeting.

The subject matter of the closed meeting scheduled Wednesday, May 3, 2000 will be:

Institution and settlement of injunctive actions; and, Institution and settlement of administrative proceedings of an enforcement nature.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact: The Office of the Secretary at (202) 942-7070.

Dated: April 26, 2000.

Jonathan G. Katz,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42711; File No. SR-DTC-99-24]

Self-Regulatory Organizations; The Depository Trust Company; Order Approving a Proposed Rule Change Relating to Collateralization Procedures

April 21, 2000.

On October 27, 1999, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change 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 January 14, 2000.² No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

I. Description

The rule change revises DTC's collateralization procedures³ to provide for a systemic monitor to withhold collateral value for collateral associated with the participant (e.g., the participant's own commercial paper).⁴ Specifically, DTC will implement an Issuer/Participant Number ("IPN"

control to systemically monitor collateral received in each participant's account.

The IPN will identify securities related to a participant and will withhold from the participant any collateral value associated with the securities. For example, transactions related to an issuing/paying agent ("IPA") account (e.g., receives versus payment) will continue to be processed in essentially same manner except that no value will be given to the IPA's collateral monitor for the collateral value of securities received that are associated with the IPA.

IPN is based on the legal structure of a participant; therefore, the IPA control will apply to every participant's account. For example, if a participant has an IPA account through which it issues money market instrument securities ("MMI securities") on its own behalf and also has a custody account and if the participant processes an MMI issuance delivery of its own MMI securities from its IPA account to its custody account, the participant would receive no collateral value in the custody account for the delivery of the MMI securities. IPN will not affect DTC's calculations of a participant's net debit cap or largest provisional net credit.

II. Discussion

Section 17A(b)(3)(F)⁵ 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 the clearing agency is responsible. The Commission believes that DTC's proposed rule change is consistent with DTC's obligations under the Act because the new procedures will reduce the risk that a participant's collateral will not be sufficient to satisfy its settlement obligations.

DTC uses collateralization as a method to protect itself and its participant from the inability of one or more participants to pay its settlement obligations. Collateralization ensures that at all times each participant maintains collateral in its account equal to or greater than its net cash settlement obligation (i.e., its net debit). If a participant were to fail to pay its settlement obligation, DTC would use the collateral in the failing participant's account to support any borrowings necessary to finance the failing participant's settlement obligation or could liquidate the collateral to cover the participant's settlement obligation. If

a participant were to receive value in DTC's collateral monitor for collateral that is associated with the participant, DTC would probably not have sufficient collateral if that participant were to default because the participant's collateral would probably have little or no value in a default situation. Accordingly, the rule change establishes a systemic monitor that will withhold collateral value for collateral associated with a participant. This should help ensure that DTC will have sufficient resources to satisfy outstanding settlement obligations in the event of a participant default.

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-99-24) be, and hereby is, approved.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 00-10729 Filed 4-28-00; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42715; File No. SR-NASD-00-19]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to Level I Market Data Fees

April 24, 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 April 13, 2000, the National Association of Securities Dealers, Inc. ("NASD" or "Association"), through its wholly-owned subsidiary, Nasdaq Stock Market, Inc. ("Nasdaq"), filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been

¹ 15 U.S.C. 78s(b)(1).

² Securities Exchange Act Release No. 42323 (January 7, 2000), 65 FR 2449 (January 14, 2000).

³ DTC's current procedures relating collateralization and risk management controls are set forth in memorandums dated March 17, 1995, which are attached as Exhibit 3 to DTC's filing.

⁴ For a complete description of DTC's collateralization procedures, refer to Exhibit 2 of DTC's rule filing.

⁵ 15 U.S.C. 78q-1(b)(3)(F).

⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.