

Commission finds that the proposed rule change is consistent with MBSCC's obligations under section 17A(b)(3)(F) because it should help ensure that MBSCC's assets, including its participants fund, are not diminished as a result of its affiliation with the Synergy Companies.

### 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-MBSCC-2001-04) be, and hereby is, approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 02-3045 Filed 2-7-02; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45377; File No. SR-MBSCC-2001-05]

### Self-Regulatory Organizations; MBS Clearing Corporation; Order Granting Accelerated Approval of a Proposed Rule Change Relating to a New Governance Structure

January 31, 2002.

On October 11, 2001, the MBS Clearing Corporation ("MBSCC") filed with the Securities and Exchange Commission ("Commission") pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> a proposed rule change (File No. MBSCC-2001-05). On December 26, 2001, MBSCC filed an amendment to the proposed rule change. Notice of the proposal was published in the **Federal Register** on January 15, 2001.<sup>2</sup> No comment letters were received.<sup>3</sup> For the reasons discussed below, the Commission is approving the proposed rule change on an accelerated basis.

### I. Description

The proposed rule change will amend MBSCC's rules to reflect MBSCC's new ownership and governance structure that will result from the integration of MBSCC, the Government Securities Clearing Corporation ("GSCC"), and Emerging Markets Clearing Corporation ("EMCC") with The Depository Trust & Clearing Corporation ("DTCC") whereby MBSCC, GSCC, and EMCC will become operating subsidiaries of DTCC.<sup>4</sup>

In order for MBSCC to maintain orderly and efficient operations, MBSCC will implement a three-tiered governance structure. The first tier will be the Board of Directors of MBSCC that will be identical in composition to the Board of Directors of GSCC, EMCC, DTC, NSCC, and DTCC. MBSCC's business will be managed under the direction of the MBSCC Board, which will set the basic policy direction for MBSCC. The second tier will consist of committees of or established by the MBSCC Board and committees of or established by the DTCC Board.<sup>5</sup> The third tier will be MBSCC management, which will oversee the daily routine operations of MBSCC. The changes to MBSCC's rules will reassign various management responsibilities to the MBSCC Board, the new committees, or MBSCC management in light of the revised management structure summarized above.

### II. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder and particularly with the requirements of section 17A(b)(3)(A)<sup>6</sup> of the Act, which requires, among other things, that a

clearing agency be so organized and have the capacity to facilitate the prompt and accurate clearance and settlement of securities transactions. The Commission finds that the proposed rule change is consistent with this obligation because MBSCC's new governance structure should help ensure that MBSCC's operations will continue to be conducted in an efficient and orderly manner once it is integrated into the DTCC organization.

The Commission has previously found that MBSCC's integration plan satisfies the requirement of Section 17A(b)(3)(C)<sup>7</sup> the MBSCC assure the fair representation of its member in the selection of its directors and in the administration of its affairs.<sup>8</sup> The Commission finds that this proposal is also consistent with the fair representation requirement because the integration plan has been refined so that the Board committees primarily responsible for MBSCC's operations are now also joint committees of the MBSCC Board.

MBSCC has requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing. The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing because such approval will allow MBSCC to implement changes to its governance structure in an efficient, orderly, and expeditious manner once it is integrated into the DTCC organization.

### 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-MBSCC-2001-05) be, and hereby is, approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>9</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 02-3048 Filed 2-7-02; 8:45 am]

BILLING CODE 8010-01-M

<sup>8</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> Securities Exchange Act Release No. 45248 (Jan. 7, 2002), 67 FR 2006.

<sup>3</sup> This proposed rule change had a fifteen day comment period.

<sup>4</sup> For explanations of the mechanics of these integration plans, refer to Securities Exchange Act Release Nos. 44989 (Oct. 25, 2001), 66 FR 55220 (Nov. 1, 2001) (order approving integration of GSCC); 44988 (Oct. 25, 2001), 66 FR 55222 (Nov. 1, 2001) (order approving integration of MBSCC); and 44987 (Oct. 25, 2001), 66 FR 55218 (Nov. 1, 2001) (order approving integration of EMCC). The Depository Trust Company ("DTC") and National Securities Clearing Corporation ("NSCC") are currently operating subsidiaries of DTCC. Securities Exchange Act Release Nos. 41786 (Aug. 24, 1999), 64 FR 47882 (Sept. 1, 1999) and 41800 (Aug. 27, 1999), 64 FR 48694 (Sept. 7, 1999) (orders approving integration of DTC, NSCC, and DTCC).

<sup>5</sup> Many of MBSCC's Board committees will be joint committees of the Boards of DTCC and its operating subsidiaries. For example, there will be a DTCC/DTC/NSCC/GSCC/MBSCC/EMCC Nominating Committee, a DTCC/DTC/NSCC/GSCC/MBSCC/EMCC Fixed Income Operations and Planning Committee, a DTCC/DTC/NSCC/GSCC/MBSCC/EMCC Audit Committee, and a GSCC/MBSCC Membership and Risk Management Committee.

<sup>6</sup> 15 U.S.C. 78q-1(b)(3)(A).

<sup>7</sup> 15 U.S.C. 78q-1(b)(3)(C).

<sup>8</sup> Securities Exchange Act Release No. 44988 (Oct. 25, 2001), 66 FR 55222 (Nov. 1, 2001) (order approving integration of MBSCC).

<sup>9</sup> 17 CFR 200.30-3(a)(12).