(c) The Schedule of Spreads will be uniformly applied to all Borrowers of the Lending Portfolios' portfolio securities, and will specify the lowest allowable spread with respect to a loan of securities to any Borrower.

(d) If a security is loaned to an unaffiliated Borrower with a spread higher than the minimum set forth in the Schedule of Spreads, all comparable loans to an Affiliated Broker-Dealer will be made at no less than the higher spread.

(e) Each Lending Portfolios' portfolio securities lending program will be monitored on a daily basis by an officer of the Lending Portfolio who is subject to section 36(a) of the Act. This officer will review the terms of each loan to an Affiliated Broker-Dealer for comparability with loans to unaffiliated Borrowers and conformity with the Schedule of Spreads, and will periodically, and at least quarterly, report his or her findings to the Board, including a majority of the Disinterested Trustees.

5. The Board, including a majority of the Disinterested Trustees, (a) will determine no less frequently than quarterly that all transactions with Affiliated Broker-Dealers effected during the preceding quarter were effected in compliance with the requirements of the procedures adopted by the Board and the conditions of this order if granted and that such transactions were conducted on terms which were reasonable and fair; and (b) will review no less frequently than annually such requirements and conditions for their continuing appropriateness.

6. The Lending Portfolios will maintain and preserve permanently in an easily accessible place a written copy of the procedures (and any modifications thereto) which are followed in lending securities and shall maintain and preserve for a period of not less than six years from the end of the fiscal year in which any loan occurs, the first two years in an easily accessible place, a written record of each loan setting forth the number of shares loaned, the face amount of the securities loaned, the fee received (or the rebate rate remitted), the identity of the borrower, the terms of the loan and any other information or materials upon which the finding was made that each loan made to an Affiliated Broker-Dealer was fair and reasonable and that the procedures followed in making such loan were in accordance with the procedures and the other undertakings set forth herein.

For the Commission, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02–7167 Filed 3–25–02; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–45593; File No. SR–GSCC–2001–08]

Self-Regulatory Organizations; Government Securities Clearing Corporation; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Revising Margin Factor and Offset Class Schedules

March 19, 2002.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on July 11, 2001, the Government Securities Clearing Corporation (''GSCC'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I and II below, which items have been prepared primarily by GSCC. The Commission is publishing this notice and order to solicit comments from interested persons and to grant accelerated approval of the proposal.

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

The proposed rule change refines GSCC's ''margin factor and offset class schedules'' and ''disallowance percentage schedules.''

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

In its filing with the Commission, GSCC 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. GSCC 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

GSCC netting members are required to maintain deposits in a clearing fund account. Each member's required deposit is calculated daily to ensure that enough funds are on hand to cover the risks associated with that member's activities. GSCC calculates the margin amount on a member's net settlement positions using factors (percentages) that are based on an assessment of historical daily price volatility data. In order to give ''credit'' for offsetting net settlement positions to the extent appropriate, GSCC established offset classes for securities of varying maturity and disallowance percentages among those different offset classes.

As a result of GSCC's ongoing monitoring of its risk management processes, GSCC has determined to refine its ''margin factor and offset class schedules'' and its ''disallowance percentage schedules'' to take into account (i) its growing business in non-mortgage-backed agency securities (''Agencies'') and in mortgage-backed agency securities (''MBS''),[3] (ii) potential differences in price volatility between its regular settlement services (''DVP service'') and its GCF Repo service, and (iii) the recent establishment of a daily data feed from GSCC's clearing banks that provides GSCC with accurate information regarding the specific securities which its members deliver against generic CUSIP numbers established for the GCF Repo service.

In the revised margin factor and offset class schedules, GSCC has established a different margin factor for MBS. Although it has retained the same margin factors for Agencies as it uses for Treasury securities,[4] the format of the new schedules will enable GSCC to more easily establish different margin factors for Agencies in the future if the need arises. The clearing bank data feed now permits GSCC to classify each security settled in the GCF Repo service according to its true remaining maturity instead of requiring GSCC to categorize each security as if it had the longest remaining maturity of all the securities within the same generic CUSIP number. It should be noted that for the present

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

[2] The Commission has modified the text of the summaries prepared by GSCC.

[3] Mortgage-backed agency securities are only processed in the GCF Repo service at GSCC and not in GSCC's regular services.

[4] Price volatility studies indicate that there is currently no need to establish different margin factors for Treasuries and Agencies. GSCC monitors price volatility on an ongoing basis.

time, GSCC has assigned the same conservative margin factor to all MBS.

In the revised margin factor and offset class schedules, GSCC has segregated (i) Treasury securities settled in the DVP service, (ii) Treasury securities settled in the GCF Repo service, (iii) Agencies settled in the DVP service, (iv) Agencies settled in the GCF Repo service, and (v) MBS settled in the GCF Repo service into separate offset classes.

The revised disallowance percentage schedules provide for offsets among the different offset classes. These schedules take into account the increasing volatility in the interest rate spreads between Treasury securities and Agencies. The schedules also permit offsets between MBS on the one hand and Treasury securities and Agencies on the other. It should be noted that these offsets are based on a more conservative model than GSCC uses with respect to other securities it processes because it assumes that GSCC would need an extra business day to liquidate pools of securities and to correct for model risk that is inherent in MBS.

GSCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder because it will enable GSCC to modify its margining and offsetting schedules to promote a more prudent and accurate margining process.

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

GSCC does not believe that the proposed rules changes will have an impact or impose a burden on competition.

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

Written comments relating to the proposed rule change have not yet been solicited or received. Members will be notified of the rule change filing and comments will be solicited by an Important Notice. GSCC will notify the Commission of any written comments received by GSCC.

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

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)(F).[5] Section 17A(b)(3)(F) requires that the rules of a clearing agency be designed to assure the safeguarding of securities and funds that are in its custody or control or for which it is responsible. The Commission believes that the revised margin factor and offset class schedules enables GSCC to promote a more accurate margining process. As such, the Commission believes GSCC's proposal is consistent with its obligation to assure the safeguarding of securities and funds that are in its custody or control or for which it is responsible.

GSCC has requested that the Commission approve the proposed rule change prior to the thirtieth day after publication of the notice of the filing. The Commission finds good cause for approving the rule change prior to the thirtieth day after publication because such approval will allow GSCC to immediately employ the revised schedules in its daily margin calculations.

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 Room, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of GSCC. All submissions should refer to File No. SR–GSCC–2001–08 and should be submitted by April 16, 2002.

It is therefore ordered, pursuant to section 19(b)(2) of the Act,[6] that the proposed rule change (File No. SR–GSCC–2001–08) be and hereby is approved.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02–7168 Filed 3–25–02; 8:45 am]

BILLING CODE 8010–01–P

[5] 15 U.S.C 78q–1(b)(3)(F).

[6] 15 U.S.C. 78s(b)(2).

[7] 17 CFR 200.30–3(a)(12).

SMALL BUSINESS ADMINISTRATION

Reporting and Recordkeeping Requirements Under OMB Review

AGENCY: Small Business Administration.

ACTION: Notice of reporting requirements submitted for OMB review.

SUMMARY: Under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35), agencies are required to submit proposed reporting and recordkeeping requirements to OMB for review and approval, and to publish a notice in the **Federal Register** notifying the public that the agency has made such a submission.

DATES: Submit comments on or before April 25, 2002. If you intend to comment but cannot prepare comments promptly, please advise the OMB Reviewer and the Agency Clearance Officer before the deadline.

Copies: Request for clearance (OMB 83–1), supporting statement, and other documents submitted to OMB for review may be obtained from the Agency Clearance Officer.

ADDRESSES: Address all comments concerning this notice to: Agency Clearance Officer, Jacqueline White, Small Business Administration, 409 3rd Street, SW., 5th Floor, Washington, DC 20416; and OMB Reviewer, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, DC 20503.

FOR FURTHER INFORMATION CONTACT: Jacqueline White, Agency Clearance Officer, (202) 205–7044.

SUPPLEMENTARY INFORMATION:

Title: Requests from borrowers (Financial Statement).

No: 770.

Frequency: On Occasion.

Description of Respondents: SBA Borrower's or guarantor's who request a compromise.

Responses: 5,000.

Annual Burden: 5,000.

Jacqueline White,

Chief, Administrative Information Branch.

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BILLING CODE 8025–01–P