

addition, the Commission believes that it is reasonable for NASD Regulation to move its definitions of "current market value," "current market price," "exercise settlement amount," "aggregate exercise price," and "aggregate current index value" from NASD Rule 2520 to NASD Rule 2522 for ease of reference purposes so that all the definitions relating to transactions in options, currency warrants, currency index warrants and stock index warrants will be located under NASD Rule 2522. The Commission believes that NASD members and other market participants will find the consolidated margin definitions easier to locate and use.

Further, the Commission believes that it is reasonable for NASD Regulation to modify NASD Rule 2450(f)(2)(D) to provide that the minimum customer margin requirement for a short put on a listed equity will be the current value of the put plus 10% of the put's aggregate exercise price; and that the minimum customer margin requirement for a short put on an OTC equity will be 10% of the put's aggregate exercise price. The proposed change will make NASD Regulation's treatment of short equity put options consistent with the CBOE and NYSE treatment of short equity put options.⁵⁷

The revisions to NASD margin rules will significantly impact the way NASD members calculate margin for options customers. The Commission believes that it is important for NASD Regulation to be adequately prepared to implement and monitor the revised margin requirements. To best accommodate the transition, the Commission believes that a phase-in period is appropriate. Therefore, the approved margin requirements shall not become effective until the earlier of February 26, 2001 or such date NASD Regulation represents in writing to the Commission that NASD Regulation is prepared to fully implement and monitor the approved margin requirements.

The Commission expects NASD Regulations to issue a notice to members that discusses the revised margin provisions and provides guidance to members regarding their regulatory responsibilities. The Commission also believes that it would be helpful for NASD Regulation to publicly disseminate (*i.e.*, via web site posting) a summary of the most significant aspects of the new margin rules and provide clear examples of how various options positions will be margined under the new provisions.

The Commission finds good cause for approving the proposal prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register** because the proposal is substantially identical to proposals filed by the CBOE and NYSE, which the Commission approved previously.⁵⁸ The Commission also finds good cause for approving proposed Amendment Nos. 1 and 2 prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register**. Amendment No. 1 strengthens NASD Regulation's proposal by, among other things, clarifying the requirements for stock index option and stock index warrant spreads carried in a cash account. Specifically, NASD Rule 2520(f)(2)(M)(ii)d, as amended, provides that if the long stock index option or warrant position is not listed, it must be guaranteed by the carrying broker-dealer or the offsetting short position would not be eligible for the cash account and would be margined separately pursuant to NASD Rule 2520(f)(2)(D). Because this change conforms the NASD's rule to the CBOE and NYSE rules that were approved by the Commission,⁵⁹ the change raises no new material regulatory issues. In addition, Amendment No. 1 makes technical corrections, clarifies the purpose of proposed definitions, and indicates that the minimum amount of margin that must be maintained in various hedged strategies is the aggregate exercise price (rather than the exercise price). Amendment No. 2 strengthens the NASD's proposal by making technical corrections and by clarifying the definitions of "American-style option," and "escrow agreement," as used in connection with cash settled instruments.

Based on the above, the Commission finds that good cause exists, consistent with Section 19(b) of the Act,⁶⁰ to accelerate approval of the proposal and Amendment Nos. 1 and 2 to the proposal.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change and Amendment Nos. 1 and 2 are 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. Copies of such filing will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to File No. SR-NASD-00-15 and should be submitted by December 19, 2000.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁶¹ that the proposed rule change (SR-NASD-00-15), as amended, is approved. The approved margin requirements shall become effective the earlier of February 26, 2001 or such date the Association represents in writing to the Commission that the Association is prepared to fully implement and monitor the approved margin requirements.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁶²

Jonathan G. Katz,
Secretary.

[FR Doc. 00-30196 Filed 11-27-00; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43597; File No. SR-NSCC-00-11]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Relating to Automated Customer Account Transfer Services Procedures

November 20, 2000.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on August 28, 2000, the National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") and on September 25, 2000, amended the proposed rule change as described in

⁵⁸ See CBOE Approval Order and NYSE Approval Order, *supra* note 7.

⁵⁹ *Id.*

⁶⁰ 15 U.S.C. 78s(b).

⁶¹ 15 U.S.C. 78s(b)(2).

⁶² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

⁵⁷ See CBOE Rule 12.3(c)(5) and NYSE Rule 431(f)(2).

Items I and II below, which items have been prepared primarily by NSCC. The Commission is publishing this notice and order to solicit comments from interested parties and to grant accelerated approval of the proposed rule change.

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

The proposed rule change modifies NSCC's rules and procedures pertaining to acceptance procedures for partial accounts, initiating partial account transfers, and reclaim transfer procedures in the Automated Customer Account Transfer Service ("ACAT Service").²

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.³

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

NSCC's ACAT Service facilitates the automated transfer of customer accounts between members.⁴ In operation since 1985, the ACAT Service was designed to complement the New York Stock Exchange ("NYSE") and the National Association of Securities Dealers ("NASD") rules that require NYSE and NASD members to use automated clearing agency customer account transfer services and to affect customer account transfers within specified timeframes.⁵ Under the proposed rule change, NSCC proposes to make three enhancements to the ACAT Service rules and procedures.

The first enhancement relates to the rejection by Receiving Members of

account assets transferred through the ACAT Service. Pursuant to section 8 of Rule 50, Receiving Members may not reject individual account assets but rather they may only accept or reject accounts in their entirety. The proposed rule change will modify Section 8 by providing a Receiving Member with the ability to either accept all assets in the account being transferred or to the extent permitted by the Receiving Member's designated examining authority accept only some of the assets in the account. NSCC proposes to implement these changes in January 2001 and will notify members through distribution of an Important Notice.

The second enhancement relates to transfer requests initiated by a Delivering Member. Under section 12(1), NSCC will reject a Delivering Member initiated transfer if the details contain an edit or format error. The proposed rule change will add language stating that NSCC will report to both the Delivering Member and the Receiving Member the details of the account if no edit or format errors in the asset data are discovered by NSCC.

NSCC also proposes to amend section 12(2) of Rule 50 relating to the treatment of reclaim procedures.⁶ Currently, if a Receiving Member is going to reject any transfer request initiated by a Delivering Member, the Receiving Member must do so on the same day it receives the request. In connection with reclaim transfer requests only, NSCC has determined that Receiving Members need additional time to research these types of transfer requests. The proposed rule change will permit a Receiving Member to reject a reclaim transfer request no later than two business days following the day the reclaim transfer request is received. No action is required by the Receiving Member if it determines to accept the reclaim transfer request. Settlement date for all reclaim transfer requests will be one business day following the day the Receiving Member accepts or is deemed to accept the reclaim transfer request. NSCC proposes to implement these changes to section 12(2) in January 2001. NSCC will notify members by Important Notice.

The third enhancement relates to the ability of Receiving Members to initiate transfers for partial customer accounts. Section 13 of Rule 50 currently provides that a Receiving Member may submit a request to a Delivering Member to initiate the transfer of a partial customer account. The Receiving Member's

request is delivered by NSCC to the Delivering Member on the same day that it is received by NSCC. Each day NSCC produces a report that reflects all requests received by it for that day. The Delivering Member is not required to take any action if it determines not to respond.

Under the proposed rule change, section 13 will be revised to provide additional time for a Delivering Member to review a Receiving Member's request for a partial account transfer. NSCC will continue to produce a report reflecting outstanding transfer requests for a period not to exceed three days. NSCC will also require a Delivering Member to indicate a reason for any requests rejected by the member. Pending approval, NSCC plans to implement the revisions to section 13 in November 2000 and will notify members by Important Notices.

NSCC believes the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act and the rules thereunder because it will facilitate the prompt and accurate clearance and settlement of securities transactions and in general, protect investors and the public interest.

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

NSCC does not believe that the proposed rule change 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

Industry groups, including the Executive Committee of the Securities Industry Association's Customer Account Transfer Division and the Investment Company Institute's Mutual Fund User Group, were advised of and concur with these modifications to NSCC's rules. No written comments relating to the proposed rule change have been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

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

Section 17A(b)(3)(F)⁷ of the Act requires that the rules of a clearing agency be designed to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions. For these reasons set forth below, the

² A copy of the text of NSCC's proposed rule change and the attached exhibits are available at the Commission's Public Reference Section or through NSCC. Please note that Exhibit A also contains rule text additions previously submitted by NSCC in SR-NSCC-00-05, which is pending review by the Commission.

³ The Commission has modified the text of the summaries prepared by NSCC.

⁴ Rule 50 of NSCC's Rules and Procedures governs the use of the ACAT Service by members.

⁵ NYSE Rule 412 and NASD Rule 11870.

⁶ A reclaim occurs when cash or certain securities are mistakenly delivered as part of the ACAT Service transfer.

⁷ 15 U.S.C. 78q-1(b)(3)(F).

Commission believes that NSCC's rule change is consistent with this obligation.

The rule change will permit NSCC to make certain enhancements to its ACAT Service that will afford members more specificity in the manner in which they accept, reject, or initiate transfers of customer account assets. These enhancements should improve the mechanism by which members transfer customer account assets and should improve the communication between members using the ACAT Service. Therefore, the Commission finds that the proposed rule change is consistent with NSCC's obligations to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions.

NSCC 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 the filing. The Commission finds good cause for so approving the proposed rule change because accelerated approval will permit NSCC to implement it and members and their customers to benefit from these enhancements to the ACAT Service as soon as possible.

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-00-11 and should be submitted by December 19, 2000.

It Is Therefore Ordered, pursuant to section 19(b)(2) of the Act, that the proposed rule change (File No. SR-

NSCC-00-11) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁸

Jonathan G. Katz

Secretary.

[FR Doc. 00-30194 Filed 11-27-00; 8:45 am]

BILLING CODE 8010-01-M

SMALL BUSINESS ADMINISTRATION

[Applicant No. 99000399]

East Gate Private Equity Fund III, L.P.; Notice Seeking Exemption Under Section 312 of the Small Business Investment Act, Conflicts of Interest

Notice is hereby given that East Gate Private Equity Fund III, L.P., 2192 Fortune Drive San Jose California 95131, an applicant for a Federal License under the Small Business Investment Act of 1958, as amended ("the Act"), in connection with the financing of a small concern, has sought an exemption under section 312 of the Act and section 107.730, Financings which Constitute Conflicts of Interest of the Small Business Administration ("SBA") rules and regulations (13 CFR 107.730 (2000)). East Gate Private Equity Fund III, L.P. proposes to provide equity financing to Qixo, Inc., 2192 Fortune Drive San Jose California 95131. The financing is contemplated for working capital, the acquisition of machinery and equipment, and marketing.

The financing is brought within the purview of Sec. 107.730(a)(1) of the Regulations because East Gate Cayman Corporation, an Associate of East Gate Private Equity Fund III, L.P., currently owns greater than 10 percent of Qixo, Inc. and therefore Qixo, Inc. is considered an Associate of East Gate Private Equity Fund III, L.P., as defined in Sec. 107.50 of the regulations.

Notice is hereby given that any interested person may submit written comments on the transaction to the Associate Administrator for Investment, U.S. Small Business Administration, 409 Third Street, SW., Washington, DC 20416.

Dated: November 15, 2000.

Don A. Christensen,

Associate Administrator for Investment.

[FR Doc. 00-30264 Filed 11-27-00; 8:45 am]

BILLING CODE 8025-01-P

⁸ 17 CFR 200.30-3(a)(12).

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3305; Amendment #1]

State of Arizona

In accordance with notices received from the Federal Emergency Management Agency, dated November 8 and November 16, 2000, the above-numbered Declaration is hereby amended to include Pinal County and the Gila River Indian Community in the State of Arizona as a disaster area due to damages caused by severe storms and flooding, and to establish the incident period for this disaster as beginning on October 21, 2000 and continuing through November 8, 2000.

In addition, applications for economic injury loans from small businesses located in the contiguous county of Graham, Arizona may be filed until the specified date at the previously designated location. All other contiguous counties have been previously declared.

All other information remains the same, i.e., the deadline for filing applications for physical damage is December 26, 2000 and for economic injury the deadline is July 27, 2001.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008.)

Dated: November 20, 2000.

Herbert L. Mitchell,

Acting Associate Administrator for Disaster Assistance.

[FR Doc. 00-30262 Filed 11-27-00; 8:45 am]

BILLING CODE 8025-01-P

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3295; Amendment #1]

State of California

In accordance with information received from the Federal Emergency Management Agency, dated November 9, 2000, the above-numbered Declaration is hereby amended to extend the deadline for filing applications for physical damage caused by this disaster from November 13, 2000 to November 30, 2000.

All other information remains the same, i.e., the deadline for filing applications for economic injury is June 14, 2001.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008.)