

provisions governing their extensive dealings with Philadep and SCCP, their participants, and pledgees in this area as the former New York based groups already are subject to New York law.

Philadep and SCCP believe the proposed rule changes are consistent with Section 17A of the Act and the rules and regulations thereunder because the rules are designed to promote the prompt and accurate clearance and settlement of securities transactions, to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible, to foster cooperation and coordination with persons engaged in the clearance and settlement of securities, to remove impediments to and perfect the mechanism of a national market system for the prompt and accurate clearance and settlement of securities transactions, and, in general, to protect investors and the public interest.

B. Self-Regulatory Organizations' Statements on Burden on Competition

Philadep and SCCP do not believe that the proposed rule changes will impact or impose a burden on competition.

C. Self-Regulatory Organizations' Statements on Comments on the Proposed Rule Changes Received From Members, Participants or Others

No written comments have been solicited or received.

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

Section 17A(b)(3)(F)³ of the Act requires the rules of a clearing agency be designed to foster cooperation and coordination with persons engaged in the clearance and settlement of securities. The Commission believes the proposed rule changes are consistent with these requirements because adoption of Article 8 of the New York UCC should help provide certainty with respect to the substantive rights and obligations under UCC Article 8 that are applicable to Philadep and SCCP and their participants particularly with respect to transactions with broker-dealers, banks, and other institutions that are participants of other foreign or domestic clearing entities.

Philadep and SCCP have 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 enable Philadep and SCCP to continue to choose Article 8 of the New York UCC as the governing law for certain transactions, thus enabling Philadep and SCCP to continue to settle without any disruption securities transactions between U.S. broker-dealers and Canadian broker-dealers. Currently, the West Canada Depository Trust Company ("WCDTC") and the West Canada Clearing Corporation ("WCCC") act as a corresponding depository for and conduct clearance and settlement with Philadep and SCCP, respectively. With WCDTC and WCCC as participants of SCCP and Philadep, transactions in certain Canadian and U.S. securities between Canadian and American brokers will continue to be cleared and settled through the facilities of Philadep and SCCP. The staff of the Board of Governors of the Federal Reserve System has concurred with the Commission's granting of accelerated approval.⁴

The Commission is granting temporary approval of the proposed rule changes because the Commission believes the adoption of Article 8 of the New York UCC should continue to be examined before the selection of such governing law is permanently approved. The Commission will continue to analyze the developments and the application of Article 8 of the New York UCC including the effect of the choice of law provisions upon third parties. For these reasons, the Commission is temporarily approving the proposed rule changes through December 31, 1996.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making such submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, DC 20549. 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

⁴ Telephone conversation between John Rudolph, Board of Governors of the Federal Reserve System, and Chris Concannon, Staff Attorney, Division of Market Regulation, Commission (June 28, 1996).

available for inspection and copying in the Commission's Public Reference Room, 450 Fifth Street, N.W., Washington, DC 20549. Copies of such filings will also be available for inspection and copying at the principal offices of Philadep and SCCP. All submissions should refer to File Nos. SR-Philadep-96-08-SR-SCCP-96-04 and should be submitted by July 26, 1996.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule changes (File Nos. SR-Philadep-96-08 and SR-SCCP-96-04) be, and hereby are, approved through December 31, 1996.

For the Commission by the Division of Market Regulation pursuant to delegated authority.⁵

Jonathan G. Katz,
Secretary.

[FR Doc. 96-17147 Filed 7-3-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37383; International Series Release No. 998; File No. SR-Philadep-96-09]

Self-Regulatory Organizations; Philadelphia Depository Trust Company; Notice of Filing and Order Granting Accelerated Approval on a Temporary Basis of a Proposed Rule Change Seeking Permanent Approval of the Designation of the West Canada Depository Trust Company as a Correspondent Depository

June 28, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on May 30, 1996, the Philadelphia Depository Trust Company ("Philadep") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-Philadep-96-09) as described in Items I and II below, which items have been prepared primarily by Philadep. The Commission is publishing this notice to solicit comments from interested persons and to grant accelerated approval of the proposed rule change on a temporary basis through December 31, 1996.

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

The purpose of the proposed rule change is to seek permanent approval of the designation of the West Canada Depository Trust Company ("WCDTC") as Philadep's nonexclusive agent and

⁵ 17 CFR 200.30-3(a)(12) (1995).

¹ 15 U.S.C. 78s(B)(1) (1988).

³ 15 U.S.C. § 78q-1(b)(3)(F) (1988).

custodian in receiving securities deposited by WCDTC participants for delivery to Philadep. This custodial arrangement was temporarily approved through June 30, 1996.²

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

In its filing with the Commission, Philadep included statements concerning the purpose of and basis for the proposed rule change and discussed any comments that it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. Philadep has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.

(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 seek permanent approval of the designation of WCDTC to act as a nonexclusive agent and custodian for Philadep in receiving securities deposited by certain WCDTC sponsored participants for credit to their respective subaccounts in WCDTC's omnibus account at Philadep. The custodial arrangement was effectuated by a contract executed between Philadep and WCDTC. WCDTC's rights and obligations as a participant will be governed by Philadep's rules and procedures.

At or before 12:45 p.m. (Philadelphia time) on any business day Philadep is open, WCDTC will notify Philadep via facsimile transmission or through Philadep's Automated Deposit System of initiated and pending instructions to Canadian transfer agents to transfer various Canadian securities held by WCDTC into Philadep's nominee name. Philadep will credit WCDTC's account(s) for Canadian issues at the time of this notification. At the time of physical receipt of the securities by Philadep, Philadep will credit WCDTC's account for incoming deposits of U.S. issues which were received by WCDTC and designated for physical delivery and deposit to its Philadep account.

With regard to Canadian issues, WCDTC will cause the Canadian

transfer agent to reregister the shares in Philadep's nominee name and to deliver them to WCDTC as agent and custodian of Philadep. With respect to acting as Philadep's agent for interfacing with Canadian transfer agents, WCDTC has more direct knowledge of and familiarity with Canadian transfer agents. WCDTC has a Canadian address and is expected to obtain receipt of certificates faster than Philadep would obtain receipt through the international postal system. Earlier receipt of certificates means earlier certainty with respect to the value and validity of deposited certificates. This is a benefit to Philadep because the earlier Philadep receives notice of defects in a certificate the sooner it can reverse the credit to the WCDTC's account and the better it can limit the risk that the securities will have been transferred out of the account before the reversal of the credit can take place.

For Canadian issues returning to WCDTC from the Canadian transfer agent, WCDTC will safeguard the deposited securities and will hold them with deposit tickets attached and segregated from other securities held by WCDTC until forwarded to Philadep via licensed air courier or other carrier agreed upon by the parties. Securities held overnight will be deposited in WCDTC's vault. If WCDTC fails to deliver these securities to Philadep, Philadep will apply a short charge to WCDTC's account for the full value of the fails. For fails to deliver resulting from settled CNS transactions, Philadep will short the participant's CNS account with the Stock Clearing Corporation of Philadelphia ("SCCP"), Philadep's affiliated clearing corporation. SCCP will mark to market all short positions and collect marks daily.

If the deposited securities are U.S. securities, WCDTC will forward the securities directly to Philadep on the day the securities are reported to Philadep. Securities will be shipped to Philadep via licensed air courier or other carrier agreed upon by the parties.

WCDTC and Philadep have agreed that securities placed within the custody and control of WCDTC on behalf of Philadep will not be subject to any right, charge, security interest, lien or claim of any kind in favor of WCDTC or any person claiming through WCDTC. WCDTC and Philadep have further agreed that WCDTC will have no legal or equitable right, title, or interest in or to such securities including but not limited to any right, title, or interest in or to any principal or interest coupons, redemption proceeds, payments or payable amounts relating to any securities. In addition, WCDTC will

maintain adequate insurance coverage with respect to any securities which are in its custody on behalf of Philadep. Furthermore, WCDTC has made a participants fund contribution of \$1,000,000, which is in excess of the minimum amount required under the applicable formula, and WCDTC's parent organization, the Vancouver Stock Exchange, has executed an irrevocable standby letter of credit in the amount of \$5 million (Canadian Dollars) to be issued to Philadep securing its obligations.

Philadep believes the proposed rule change is consistent with Section 17A of the Act and the rules and regulations thereunder because the rule proposal fosters cooperation and coordination with persons engaged in the clearance and settlement of securities transactions and further assures the safeguarding of securities and funds in its custody or control or for which Philadep is responsible.

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

Philadep does not believe that the proposed rule change will 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

No written comments have been solicited or received.

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

Section 17A(b)(3)(F) of the Act requires that the rules of a clearing agency be designed to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions.³ The Commission believes that Philadep's designation of WCDTC as a correspondent depository is consistent with Philadep's obligations under Section 17A(b)(3)(F) because the proposed rule change should help foster cooperation and coordination between the U.S. and Canadian clearance and settlement systems by facilitating a link between Philadep and WCDTC.

Philadep has requested that the Commission find good cause for proving 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 allow Philadep to continue its custodial

² Securities Exchange Act Release No. 36782; International Series Release No. 923 (January 26, 1996), 61 FR 3956 [File No. SR-Philadep-96-01] (order granting accelerated approval on a temporary basis of a proposed rule change to appoint the West Canada Depository Trust Company as a Correspondent Depository).

³ 15 U.S.C. 78q-1(b)(3)(F) (1988)

arrangement with WCDTC thus allowing WCDTC to continue to settle without any disruption securities transactions between U.S. broker-dealers and Canadian broker-dealers.

The Commission is granting temporary approval of the proposed rule change through December 31, 1996, so that Philadep and the Commission can continue to monitor and analyze the development of WCDTC as a correspondent depository before granting permanent approval. During this period, the Commission will continue to monitor and correspondent depository arrangement between Philadep and WCDTC to ensure that proper risk management procedures are in place. Furthermore, Philadep will continue to be required to file monthly reports analyzing activity in WCDTC's omnibus account and subaccounts. For these reasons, the Commission is temporarily approving the proposed rule change through December 31, 1996. The staff of the Board of Governors of the Federal Reserve System have concurred with the Commission's granting of accelerated approval.⁴

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. 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, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of Philadep. All submissions should refer to the file number SR-Philadep-96-09 and should be submitted by July 26, 1996.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-

Philadep-96-09) be, and hereby is, approved through December 31, 1996.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁵

Jonathan G. Katz,

Secretary.

[FR Doc. 96-17148 Filed 7-3-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37378; File No. SR-PHLX-96-24]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. To Amend Its Holiday Schedule Respecting the Early Closure of Its Equity Trading Floor at 1:15 p.m., Equity and Index Options Trading Floor at 1:10 and 1:15 p.m. Respectively, and its Currency Options at 1:00 p.m. on Friday July 5, 1996

June 27, 1996.

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 June 24, 1996, the Philadelphia Stock Exchange, Inc. ("PHLX" 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 self-regulatory organization. The Commission is approving this proposal on an accelerated basis.

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

The PHLX, pursuant to Rule 19b-4 of the Act, proposes to amend its holiday schedule respecting the early closure of the PHLX equity trading floor at 1:15 p.m.,³ equity and index options trading floor at 1:10 and 1:15 p.m. respectively, and PHLX currency options at 1:00 p.m. on Friday July 5, 1996.

II. Self-Regulatory Organization's Statement Regarding the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization 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 III below. The self-regulatory organization has prepared summaries, set forth in Section A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The PHLX, under its previously adopted holiday schedule, had planned to be open for a full day of trading on Friday, July 5, 1996. However, the registered national securities exchanges are planning an early closure of equity trading at 1:00 P.M.⁴ on Friday, July 5, 1996, in part due to fact that the exchanges do not anticipate that there will be significant trading volume on the day after the Fourth of July, Independence Day, our national holiday. Therefore, the PHLX proposes the early closure of its equity trading floor at 1:15, the equity and index options trading floor at 1:10 P.M. and 1:15 P.M. respectively, and PHLX currency options at 1:00 P.M. on Friday, July 5, 1996.

The PHLX requests accelerated effectiveness of this proposed rule change pursuant to Section 19(b)(2) in order to provide member firms and customers with sufficient notice and lead time to prepare for closing on July 5, 1996.

2. Statutory Basis

The basis under the Act for the proposed rule change is the requirement under Section 6(b)(5) that an exchange have rules that are designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to protect and perfect the mechanism of a free and open market and a national market system, and in general, to protect investors and the public interest.

B. Self-Regulatory Organization's Statement on Burden on Competition

The PHLX does not believe that the proposed rule change will impose any inappropriate burden on competition.

⁴ The Commission notes that, according to the PHLX, the New York Stock Exchange will conduct its normal after-hours session between 1:00 and 1:30 P.M. *Id.*

⁵ 17 CFR 200.30 3(a)(12) (1995).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Commission notes that, according to PHLX, equity trading between 1:00 and 1:15 p.m. will be pursuant to PHLX Rule 101.02 which facilitates "PPS" and "GTX" designated orders. Telephone Conversation between Murray L. Ross, Secretary, PHLX, and Elizabeth Prout Lefler, SEC, on June 26, 1996.

⁴ Telephone conversation between John Rudolph, Board of Governors of the Federal Reserve Board, and Chris Concannon, Division of Market Regulation, Commission (June 28, 1996).