

the PSE's proposal was published in the Federal Register for the full 21 day comment period without any comments being received by the Commission.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning Amendment No. 2. 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 Section, 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 the PSE. All submissions should refer to File No. SR-PSE-96-09 and should be submitted by November 8, 1996.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²⁶ that the proposed rule change (File No. SR-PSE-96-09), as amended, is approved through October 31, 1997.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority:²⁷

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-26783 Filed 10-17-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37813; File No. SR-PTC-96-05]

Self-Regulatory Organizations; Participants Trust Company; Order Granting Accelerated Approval of a Proposed Rule Change Relating to Establishing a New Category of PTC Participant

October 11, 1996.

On August 21, 1996, the Participants Trust Company ("PTC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-PTC-96-05) pursuant to

Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act")¹ to establish a new category of PTC participant, a "Federal Reserve participant." Notice of the proposal was published in the Federal Register on September 23, 1996.² No comment letters were received. For the reasons discussed below, the Commission is granting accelerated approval of the proposed rule change.

I. Description

The proposed rule change establishes a new category of PTC participant, a Federal Reserve participant, for Federal Reserve Banks.³ The new category of participants will enable Federal Reserve Banks to maintain accounts at PTC for the purpose of accepting securities pledged as collateral by PTC participants for discount window advances from the Federal Reserve Banks. At a later date, PTC participants may be able to deliver securities to the accounts of Federal Reserve participants as collateral to secure Treasury tax and loan accounts.⁴

Following approval of this proposed rule change, PTC and the Federal Reserve Bank of New York ("FRBNY") will commence a pilot program which will be open to a limited number of PTC participants. During the pilot program, PTC participants taking part in the pilot program will be able to deliver securities that meet the requirements of the FRBNY to the FRBNY's Federal Reserve participant's account to secure discount window advances. During the pilot program, PTC also will undertake software changes that may later permit pledges of Treasury tax and loan collateral and pledges of collateral by institutions that are not direct participants themselves but use PTC participants as custodians.⁵

¹ 15 U.S.C. 78s(b)(1) (1988).

² Securities Exchange Act Release No. 37684 (September 16, 1996), 61 FR 49807.

³ The new category of Federal Reserve participant will be governed by a new Section 2A to Rule 1 of Article IV of PTC's rules ("Qualifications and Duties of Participants and Limited Purpose Participants") and by a new form of participation agreement for Federal Reserve participants.

⁴ A financial institution can be designated as a Treasury tax and loan depository to process deposits of Federal taxes and to maintain and administer separate accounts known as Treasury tax and loan accounts. In order to accept these deposits, the financial institution must pledge collateral security to secure Treasury tax and loan balances with the Federal Reserve Bank of the district in which it is located. 31 CFR 202, 203.

⁵ Many smaller institutions which cannot meet PTC's participants' requirements establish clearing arrangements with PTC participants in order to utilize PTC's services.

As necessary, PTC should submit a proposed rule change under Section 19(b) of the Exchange Act describing any modifications to the program which

Establishing the Federal Reserve participant as a category of participation will enable Federal Reserve Banks to participate in PTC in a capacity different from that of PTC's current participants or limited purpose participants.⁶ Like limited purpose participants, Federal Reserve participants will be restricted from receiving securities versus payment and from incurring a debit balance. In addition, Federal Reserve participants will not receive principal and interest ("P&I") advances on securities held at PTC and therefore are not required to repay third-party loans obtained for this purpose.⁷

Consistent with the restricted nature of Federal Reserve Bank participation, the proposed rule change also provides that Federal Reserve participants will be exempt from some of the obligations applicable to PTC's other participants and limited purpose participants.⁸ The most significant exemptions applicable to Federal Reserve participants are that they are not required to: (1) Indemnify PTC or any licensor or provider of data processing services to PTC; (2) furnish periodic financial reports and open books and records for inspection by PTC; (3) pay fees, fines, or assessments; (4) contribute to the participants fund; or (5) submit disputes to arbitration.

Additional provisions of the proposed rule change are as follows. Securities and property in the account of a Federal Reserve participant are not subject to any lien, security interest, or ownership interest by PTC.⁹ PTC shall not be liable to a Federal Reserve participant or any third party for losses arising from nonperformance or misperformance of the custody of deposited securities or its duties other than the custody of deposited securities except to the extent that such loss is attributable to the failure to exercise ordinary care by PTC or in the case of willful misconduct or fraudulent or criminal acts of PTC. PTC will not waive any of its rules or procedures without a Federal Reserve participant's consent if the effect of such

PTC plans to implement as a result of its review of the pilot program.

⁶ Currently, PTC's rules permit participation as either a participant or as a limited purpose participant.

⁷ Federal Reserve participants will not receive P&I through PTC because P&I on securities in a pledgee account is paid to the pledgor pursuant to PTC's rules.

⁸ These exemptions are set forth in the new Section 2A to Rule 1 of Article IV of PTC's rules.

⁹ Because securities held by PTC for the account of a Federal Reserve participant are held in pledgee accounts and transferred free into such accounts, this change is merely a restatement of PTC's existing rules, which provide that PTC does not have a lien, security interest, or ownership interest in securities held and transferred in this manner.

²⁶ 15 U.S.C. 78s(b)(2) (1988).

²⁷ 17 CFR 200.3-3(a)(12).

waiver would be to prejudice a Federal Reserve participant's rights.

II. Discussion

Section 17A(b)(3)(F)¹⁰ of the Exchange Act requires that the rules of a clearing agency be designed to assure the safeguarding of securities and funds in the custody or control of the clearing agency or for which it is responsible. For the reasons set forth below, the Commission believes that PTC's proposed rule change is consistent with this obligation under the Exchange Act.

PTC was established in 1989 as a depository for mortgage-backed securities, primarily those guaranteed by the Government National Mortgage Association ("GNMAs"), in order to immobilize these securities and to allow them to be settled by book-entry. However, GNMAs, unlike other mortgage-backed securities such as those guaranteed by the Federal National Mortgage Association ("FNMAs") and the Federal Home Loan Mortgage Association ("FHLMCs"), are issued in certificated form and therefore cannot be transferred over the Fedwire.

Currently, in order to use GNMAs as collateral for discount window advances from Federal Reserve Banks, PTC participants must physically remove the certificates from PTC and deposit them with the Federal Reserve Banks. The proposed rule change will enable Federal Reserve Banks to maintain accounts at PTC for the purpose of accepting from PTC participants securities pledged as collateral for discount window advances and as collateral to secure Treasury tax and loan accounts. This will allow PTC participants to utilize GNMAs as collateral without having to physically remove the certificates from PTC. As a result, the Commission believes the proposed rule change facilitates the safeguarding of securities in the custody or control of PTC by reducing the physical movement of GNMAs and the risk of loss associated with the physical movement of these securities. Furthermore, the Commission believes that the proposal is consistent with industry efforts to immobilize securities certificates and maximize efficiencies in securities processing.

As previously stated, the proposed rule change also provides that Federal Reserve participants will be exempt from some of the obligations applicable to participants and limited purpose participants. The Commission believes that the special provisions applicable to Federal Reserve participants are consistent with the restricted nature of

the Federal Reserve Banks' participation at PTC.

PTC 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 PTC and the FRBNY to immediately commence the pilot program. Furthermore, the Commission has not received any comment letters and does not expect to receive any comment letters on the proposal. In addition, the staff of the Board of Governors of the Federal Reserve System ("Board of Governors") has concurred with the Commission's decision to grant accelerated approval.¹¹

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Exchange Act and in particular Section 17A of the Exchange Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Exchange Act, that the proposed rule change (File No. SR-PTC-96-05) be and hereby is approved on an accelerated basis.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹²

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-26781 Filed 10-17-96; 8:45 am]

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SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster Loan Area #2906]

Texas; Declaration of Disaster Loan Area

Tyler County and the contiguous counties of Angelina, Hardin, Jasper, and Polk in the State of Texas constitute a disaster area as a result of damages caused by flooding that occurred on September 26 and 27, 1996. Applications for loans for physical damage as a result of this disaster may be filed until the close of business on December 9, 1996 and for economic injury until the close of business on July 9, 1997 at the address listed below: U.S. Small Business Administration, Disaster

¹¹ Telephone conversation between John Rudolph, Board of Governors, and Ari Burstein, Division of Market Regulation, Commission (October 3, 1996).

¹² 17 CFR 200.30-3(a)(12) (1996).

Area 3 Office, 4400 Amon Carter Blvd., Suite 102, Fort Worth, Texas 76155, or other locally announced locations.

The interest rates are:

For physical damage:

Homeowners with credit available elsewhere—8.000%.
Homeowners without credit available elsewhere—4.000%.
Businesses with credit available elsewhere—8.000%.
Businesses and non-profit organizations without credit available elsewhere—4.000%.
Others (including non-profit organizations) with credit available elsewhere—7.125%.

For economic injury:

Businesses and small agricultural cooperatives without credit available elsewhere—4.000%.

The number assigned to this disaster for physical damage is 290606. For economic injury the number is 922100.

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

Dated: October 9, 1996.

Ginger Lew,

Acting Administrator.

[FR Doc. 96-26765 Filed 10-17-96; 8:45 am]

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OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Generalized System of Preferences (GSP); Initiation of a Review to Consider the Designation of Cambodia as a Beneficiary Developing Country Under the GSP; Solicitation of Public Comments relating to the Designation Criteria

AGENCY: Office of the United States Trade Representative.

ACTION: Notice and solicitation of public comment with respect to the eligibility of Cambodia for the GSP program.

SUMMARY: This notice announces the initiation of a review to consider the designation of Cambodia as a beneficiary developing country under the GSP program and solicits public comment relating to the designation criteria.

FOR FURTHER INFORMATION CONTACT: GSP Subcommittee, Office of the United States Trade Representative, 600 17th Street, NW., Room 518, Washington, DC 20506. The telephone number is (202) 395-6971.

SUPPLEMENTARY INFORMATION: The Trade Policy Staff Committee (TPSC) has initiated a review to determine if Cambodia meets the designation criteria of the GSP law and should be

¹⁰ 15 U.S.C. 78q-1(b)(3)(F) (1988).