

[Release No. 34-37860; File No. SR-PSE-96-37]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Pacific Stock Exchange Incorporated Relating to Its Annual Fee for Registered Representatives and Registered Options Principals

October 23, 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 October 17, 1996, the Pacific Stock Exchange Incorporated ("PSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization.³ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The PSE is proposing to modify its Schedule of Rates for Exchange Services by increasing from \$5 to \$8 its annual fee for new applications, maintenance, and transfer of registration status for each Registered Representative ("RR") and each Registered Options Principal ("ROP") who is required to register with and be approved by the Exchange pursuant to PSE Rules 9.26 and 9.27. Below is the text of the proposed rule change. Proposed new language is italicized; proposed deletions are in brackets.

Schedule of Fees and Charges for Exchange Services

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PSE General Membership Fees

* * * * *

Regulatory Fees

Focus Filing Fee—No change.

Registration Fee—\$8 [\$5] annual fee for new applications, maintenance, or transfer of registration status for each Registered Representative and each

Registered Options Principal (collected by the NASD).

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, 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 IV below. The self-regulatory organization 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 PSE Schedule of Rates currently provides for a \$5 fee to be paid by member organizations to maintain, apply for, and transfer RR or ROP registrations.⁴ The Exchange is now proposing to raise this fee from \$5 to \$8 in order to offset the Exchange's costs relating to its market surveillance programs and routine Designated Examining Authority (DEA, activity). The proposal is consistent with Section 6(b) of the Act, the general, and Section 6(b)(4), in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among its members.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments on the proposed rule change were neither solicited nor received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3) of

the Act and subparagraph (e) or Rule 19b-4 thereunder. At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making 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. 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-96-37 and should be submitted by November 20, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority, 17 CFR 200.30-3(a)(12).

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-37858; File No. SR-Philadep-96-16]

Self-Regulatory Organizations; Philadelphia Depository Trust Company; Notice of Filing of Proposed Rule Change Relating to the Procedure to Establish a Direct Registration System

October 23, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on October 16, 1996, Philadelphia Depository Trust Company ("Philadep") filed with the Securities and Exchange Commission the proposed rule change as described in Items I, II, and III below, which items have been prepared

¹ 15 U.S.C. 78s(b)(1) (1982).

² 17 CFR 240.19b-4 (1991).

³ The proposal was submitted to the Commission on October 2, 1996, however it was not complete. The PSE subsequently submitted Amendment No. 1 to the filing to include the missing information. This document provides notice of the filing as amended. Letter from Michael D. Pierson, Senior Attorney, Regulatory Policy, PSE, to Karl Varner, Staff Attorney, Division of Market Regulation, SEC, dated October 16, 1996.

⁴ See Exchange Act Release No. 29954 (November 18, 1991), 56 FR 59315 (November 25, 1991) (notice of filing and immediate effectiveness of SR-PSE-91-37); see also Exchange Act Release No. 31425 (November 9, 1992), 57 FR 54271 (November 17, 1992) (notice of filing and immediate effectiveness of File No. SR-PSE-92-31).

¹ 15 U.S.C. 78s(b)(1) (1988).

primarily by Philadep. On October 17, 1996, Philadep filed an amendment to the proposed rule change.² The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Philadep's proposed rule change will establish (1) a new service called the Direct Registration System ("DRS") and (2) a new category of participants whose use of Philadep's services will be limited to DRS.

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

In its filing with the Commission, Philadep included statements concerning the purpose of and the 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. Philadep has prepared summaries, as 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 the Statutory Basis for, the Proposed Rule Change

In December 1994, the Commission published a concept release on DRS which solicited comments on DRS as a way to offer investors a method whereby they could maintain their positions in corporate equities and debt securities in book-entry form directly on the books of the issuer.⁴ In November 1995, a joint industry committee comprised representatives of the Securities Transfer Agent Association ("STA"), Corporate Transfer Agents Association, Inc. ("CTA"), Securities Industry Association ("SIA"), and the depositories prepared a process outline for DRS.⁵ In May 1996, the joint committee informed Chairman Levitt that a consensus had been reached regarding the prospective operation of DRS.⁶

In accordance with this consensus, Philadep will implement certain procedures to establish DRS.⁷ The transfer agents of issuers interested in participating in DRS must join DTC and Philadep as limited participants. In order for transfer agents to participate in this service, they must have certain electronic interfaces with Philadep, commonly known as fully automated securities transfer ("FAST") interfaces. As a depository participant, the transfer agent will be able to engage in book-entry movements of positions between the transfer agent's DRS participant account and a broker/dealer's account. Once the transfer agents have supplied Philadep with the DRS issue, Philadep will add the indicator to its Security Profile On-Line ("SPOL") system to reflect that the issue DRS eligible and to notify the respective participants accordingly. Once Philadep supplies information to the transfer agent or issuer, the transfer agent will adjust the DRS position and decrease the depository FAST account on its books. To execute any withdrawal/transfer ("WT") activity, participants must supply Philadep with an appropriate code specifying a DRS account or a certificate. Absent the proper code, Philadep will not process these requests. Participants must use indicators to operate the automated WT file to (i) register positions on the books of the issuer, (ii) issue a physical certificate, (iii) indicate that the submitting broker for the WT request is serving in a correspondent capacity (known as third party transfers) and (iv) reverse the prior DRS transaction.

When the transfer agent completes a certificate request for a DRS issue, the transfer agent will return the certificate to Philadep according to the standard procedure for these securities' shipments. If the investor requests to hold his position on the books of the issuer through DRS, the agent will establish the position, will mail the transaction advice directly to the investor, and will confirm such activities to Philadep. Moreover, Philadep will confirm to its participant that the account has been established providing the date and the DRS account number to such participant.

In the event that an investor wants to sell the position, the transfer agent will provide miscellaneous delivery order ("MDO") instructions and the proper reason code to move the position into the appropriate account at Philadep. The transfer agent will increase depository FAST account at Philadep

and notify Philadep to increase its transfer agent participant account. Concurrently, the agent must provide Philadep with the CUSIP number, quantity, broker/dealer identification number, broker/dealer customer account number, and any other miscellaneous information in the comments field. If the receiving participant does not recognize the position, it may deliver the position back to the transfer agent's Philadep account. At the end of the processing day, Philadep will reverse the transfer agent's Limited Participant account and return all positions. Philadep will produce an activity report for all movements.

This proposed change complies with Section 17A(a)(1) of the Act⁸ in that it promotes efficiencies in the prompt and accurate clearance and settlement of securities transactions and funds in Philadep's custody and under its control. Individual investors electing book-entry positions on the books of the issuers will be able to subsequently arrange to have such positions transferred electronically to banks or broker-dealers in connection with sales or other dispositions of the securities. By effecting transfers through automated linkages between broker-dealers, transfer agents, and Philadep, the DRS service to be offered by Philadep will promote efficiencies in the clearance and settlement system. Moreover, DRS will foster cooperation and coordination between Philadep and other entities engaged in the clearance and settlement of securities transactions.

B. Self-Regulatory Organization's Statement on Competition

Philadep does not believe that the proposed rule change will impose any inappropriate 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 relating to the proposed rule change have been received. Philadep will notify the Commission of any written comments received by Philadep.

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

Within thirty-five days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to ninety days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or

² Letter from J. Keith Kessel, Compliance Officer, Philadep, to Jerry W. Carpenter, Assistant Director Division of Market Regulation, Commission, (October 16, 1996).

³ The Commission has modified parts of these statements.

⁴ Securities Exchange Act Release No. 35038 (December 1, 1994).

⁵ "Direct Registration System: A Process Outline" (November 1995).

⁶ Letter from representatives of the joint committee to Arthur Levitt, Chairman, Commission, (May 20, 1996).

⁷ Philadep Direct Registration System ("DRS") Procedures, attached as Exhibit A.

⁸ 15 U.S.C. 78q-1(a)(1) (1988).

(ii) as to which Philadep consents, the Commission will:

A. By order approve such proposed rule change or

B. Institute procedures to determine whether the proposed rule change should be disapproved.

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 NW, Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements respecting the proposed rule change that are filed with the Commission, and all written communications concerning the proposed rule change between the Commission and any person, other than those that may be withheld from the public pursuant to 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 filings will also be available for inspection and copying at the principal office of Philadep. All submissions should refer to file number SR-Philadep-96-16 and should be submitted by November 20, 1996.

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

Margaret H. McFarland,

Deputy Secretary.

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OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Request For Public Comment With Respect To The Annual National Trade Estimate Report on Foreign Trade Barriers

AGENCY: Office of the United States Trade Representative.

ACTION: Notice.

SUMMARY: Pursuant to section 303 of the Trade and Tariff Act of 1984, as amended, USTR is required to publish annually the National Trade Estimate Report on Foreign Trade Barriers (NTE). With this notice, the Trade Policy Staff Committee (TPSC) is requesting interested parties to assist it in identifying significant barriers to U.S. exports of goods, services and overseas direct investment for inclusion in the NTE. Particularly important are

impediments materially affecting the actual and potential financial performance of an industry sector. The TPSC invites written comments that provide views relevant to the issues to be examined in preparing the NTE.

DATES: Public comments are due not later than November 29, 1996.

ADDRESSES: Gloria Blue, Executive Secretary, Trade Policy Staff Committee, Office of the United States Trade Representative, 600 17th Street NW., Room 501, Washington, DC 20508.

FOR FURTHER INFORMATION CONTACT: Gloria Blue, Executive Secretary, Trade Policy Staff Committee, Office of the United States Trade Representative, (202) 395-3475.

SUPPLEMENTARY INFORMATION: The information submitted should relate to one or more of the following nine categories of foreign trade barriers:

(1) Import policies (e.g., tariffs, and other import charges, quantitative restrictions, import licensing, and customs barriers);

(2) Standards, testing, labeling, and certification (including unnecessarily restrictive application of phytosanitary standards, refusal to accept U.S. manufacturers' self-certification of conformance to foreign product standards, and environmental restrictions);

(3) Government procurement (e.g., "buy national" policies and closed bidding);

(4) Export subsidies (e.g., export financing on preferential terms and agricultural export subsidies that displace U.S. exports in third country markets);

(5) Lack of intellectual property protection (e.g., inadequate patent, copyright, and trademark regimes);

(6) Service barriers (e.g., limits on the range of financial services offered by foreign financial institutions, regulation of international data flows, restrictions on the use of data processing, quotas on imports of foreign films, and barriers to the provision of services by professionals (e.g., lawyers, doctors, accountants, engineers, nurses, etc.));

(7) Investment barriers (e.g., limitations on foreign equity participation and on access to foreign government-funded R&D consortia, local content, technology transfer and export performance requirements, and restrictions on repatriation of earnings, capital, fees and royalties);

(8) Anticompetitive practices with trade effects tolerated by foreign governments (including anticompetitive activities of both state-owned and private firms that apply to services or to goods and that restrict the sale of U.S.

products to any firm, not just to foreign firms that perpetuate the practices; and

(9) Other barriers (*i.e.*, barriers that encompass more than one category, e.g., bribery and corruption, or that affect a single sector).

As in the case of last year's NTE, we are asking that particular emphasis be placed on any practices that may violate U.S. trade agreements. We are also interested in receiving any new or updated information pertinent to the barriers covered in last year's report as well as new information. Please note that the information not used in the NTE will be maintained for use in future negotiations.

It is most important that your submission contain estimates of the potential increase in exports that would result from the removal of the barrier, as well as a clear discussion of the method(s) by which the estimates were computed. Estimates should fall within the following value ranges: less than \$5 million; \$5 to \$25 million; \$25 million to \$50 million; \$50 million to \$100 million; \$100 million to \$500 million; or over \$500 million. Such assessments enhance USTR's ability to conduct meaningful comparative analyses of a barrier's effect over a range of industries.

Please note that interested parties discussing barriers in more than one country should provide a separate submission (*i.e.*, one that is self-contained) for each country.

Written Comments

All written comments should be addressed to: Gloria Blue, Executive Secretary, Trade Policy Staff Committee, Office of the United States Trade Representative, 600 17th Street N.W., Room 501, Washington, D.C. 20508.

All submissions must be in English and should conform to the information requirements of 15 CFR Part 2003.

A party must provide ten copies of its submission which must be received at USTR no later than November 30, 1996. If the submission contains business confidential information, ten copies of a non-confidential version must also be submitted. A justification as to why the information contained in the submission should be treated confidentially must be included in the submission. In addition, any submissions containing business confidential information must be clearly marked "confidential" at the top and bottom of the cover page (or letter) and of each succeeding page of the submission. The version that does not contain confidential information should also be clearly marked, at the top and