

allows participants to consolidate deposits in the same issue (whether or not the advanced deposit data is transmitted to DTC at the same time) thereby saving deposit fees or the time necessary to manually compile deposits in the same issue.

The DAM System also improves DTC's efficiency in handling deposits. Because each deposit submitted through the DAM System is assigned a unique identifying number, use of the system reduces the amount of time DTC spends researching a deposit and enables DTC to more efficiently track the deposit's location (e.g., whether it is at DTC, en route to a transfer agent, or delivered to a transfer agent). Moreover, when a participant submits a deposit outside of the DAM System, DTC must enter the deposit information into its systems by keystroke. However, when a deposit is submitted through the DAM System, deposit information transmitted by the participant is automatically written into DTC's systems.

Although virtually all of DTC's participants are presently using the DAM System, some participants continue to submit deposits outside the DAM System.<sup>5</sup> As explained above, such deposits create inefficiencies in the clearance and settlement of securities transactions. Therefore, DTC proposes to establish a surcharge to reduce the number of deposits submitted to DTC outside the DAM System.

DTC believes that the proposed rule change is consistent with the requirements of Section 17A(b)(3)(D) of the Act<sup>6</sup> and the rules and regulations thereunder because it provides for the equitable allocation of reasonable dues, fees, and other charges among DTC's participants.

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

DTC 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*

No comments on the proposed rule have been solicited or received.

verify whether a corporate action effects the deposit.

<sup>5</sup> During a recent five day period from October 8, 1996, through October 14, 1996, DTC participants submitted 93,140 deposits. Of those deposits, only 1,566 (1.68%) were submitted outside the DAM System.

<sup>6</sup> 15 U.S.C. 78q-1(b)(3)(D) (1988).

**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)(A)(ii)<sup>7</sup> of the Act and pursuant to Rule 19b-4(e)(2)<sup>8</sup> promulgated thereunder because the proposal establishes or changes a due, fee, or other charge imposed by DTC. At any time within sixty days of the filing of such 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 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 also will be available for inspection and copying at the principal office of DTC.

All submissions should refer to File No. SR-DTC-96-19 and should be submitted by December 27, 1996.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>9</sup>

[FR Doc. 96-31078 Filed 12-5-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-38000; File No. SR-DTC-96-20]

**Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Drop Window Service**

December 2, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on November 5, 1996, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by DTC. The Commission is publishing this notice to solicit comments from interested persons on the proposed rule change.

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

The proposed rule change expands the services provided by DTC's Transfer Agent Drop Window Service ("Drop Service").

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

In its filing with the Commission, DTC 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. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.<sup>2</sup>

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

DTC's Drop Service provides transfer agents located outside of New York City with a central location within the Borough of Manhattan to receive and deliver securities.<sup>3</sup> DTC proposes to

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> The Commission has modified the text of the summaries prepared by DTC.

<sup>3</sup> DTC originally established the Drop Service to enable transfer agents to comply with New York Stock Exchange Rule 496 and American Stock Exchange Rule 891. These rules require transfer agents to maintain a facility to receive and deliver securities that is located south of Chambers Street in the Borough of Manhattan, City of New York. For a complete description of the Drop Service, refer to Securities Exchange Act Release No. 37562 (August 13, 1996), 61 FR 43283 [File No. SR-DTC-96-09] (order approving proposed rule change).

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A)(ii) (1988).

<sup>8</sup> 17 CFR 240.19b-4(e)(2) (1996).

<sup>9</sup> 17 CFR 200.30-3(a)(12) (1996).

expand its Drop Service to provide transfer agents with enhanced services. First, DTC will accept the following items on behalf of transfer agents from individuals or financial institutions: (1) Checks or securities delivered as contributions to dividend reinvestment plans; (2) checks drawn on a transfer agent and payable to an individual or financial institution with wire instructions; (3) checks payable to a transfer agent in payment for certain fees charged by the transfer agent (e.g., rush transfer fees); and (4) envelopes<sup>4</sup> to be delivered to a transfer agent. DTC also will issue a window-ticket to the individual or financial institution delivering such items, log the receipt of the items, and forward the items to the transfer agent.

Second, if a transfer agent is required to accept securities up to midnight in connection with a corporate action, DTC's drop location will remain open until that time.<sup>5</sup> Finally, DTC will value securities received on behalf of a transfer agent in preparation for the shipment of such securities to the transfer agent by obtaining a daily market price for each issue received. DTC began providing these expanded services on November 18, 1996. The transfer agent Drop Service fee schedule is attached as Exhibit 1.

DTC believes the proposed rule change is consistent with the requirements of Section 17A(b)(3)(F) of the Act<sup>6</sup> and the rules and regulations promulgated thereunder because the proposal promotes efficiencies in the prompt and accurate clearance and settlement of securities transactions, specifically the transfer of record ownership. According to DTC, the expanded Drop Service also will reduce the expenses associated with the transfer of record ownership and foster cooperation and coordination between DTC and other entities engaged in the

clearance and settlement of securities transactions.

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

DTC perceives no impact on competition by reason of the proposed rule change.

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

DTC has not solicited or received comment on the proposed rule change.

**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)(A)(iii)<sup>7</sup> of the Act and pursuant to Rule 19b-4(e)(6)<sup>8</sup> promulgated thereunder because the proposed rule is effecting a change that: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; (3) does not become operative for thirty days from the date of its filing on November 5, 1996, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; and (4) was provided to the Commission for its review at least five days prior to the filing date. The Commission finds good cause for accelerating the operative date of the proposed rule change from the thirtieth day following the date of its filing on November 5, 1996, to November 18, 1996, because the accelerated approval will permit DTC to more quickly provide the enhanced services to transfer agents located outside of New York City through the framework of an existing DTC service, which has been reviewed by the Commission. At any time within sixty days of the filing of such 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 written 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 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 DTC. All submissions should refer to File No. SR-DTC-96-20 and should be submitted by December 29, 1996.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>9</sup>

Margaret H. McFarland,  
*Deputy Secretary.*

**Exhibit 1.—1996 Transfer Agent Drop Fees**

1. *Monthly Service Charge*: \$250.00.
2. *Micro-filming*: \$14.50 per hour and \$15.75 per roll.
3. *Window Tickets Issued By DTC for the Receipt of Securities, Checks, and Envelopes on Behalf of the transfer agent*: .75 per window ticket issued.
4. *Daily Valuation*: Daily flat fee of \$175.00.
5. *Midnight closings*: \$1,000.00 per occurrence.
6. *Pass-through Fees*: Varying.

For example, DTC uses various courier services to deliver securities to the transfer agent. DTC remits payment for such services to the carrier and, in turn, charges the appropriate transfer agent for the same amount.

In addition, each transfer agent must provide DTC with window tickets to be used as receipts for items delivered. If requested by the transfer agent, DTC will arrange for the printing of such tickets. Any associated printing costs incurred by DTC are charged to the transfer agent.

[FR Doc. 96-31080 Filed 12-5-96; 8:45 am]

**BILLING CODE 8010-01-M**

<sup>4</sup> DTC will accept envelopes from financial institutions for delivery to a transfer agent without opening or inspecting the envelopes. Securities delivered to the drop window from financial institutions are generally delivered in clear envelopes.

<sup>5</sup> DTC's drop location will remain open for a late closing for the limited purpose of accepting items on behalf of a transfer agent and issuing a window-ticket to the party delivering the item. A transfer agent will be required to provide DTC with notice of the need for a late closing at least one week in advance thereof. Moreover, a transfer agent will be required to provide on-site personnel at DTC to answer questions, examine items received, and approve such items. During a late closing, a transfer agent will be deemed to have taken possession and control of an item when the transfer agent's on-site personnel approve an item for receipt.

<sup>6</sup> U.S.C. 78q-1(b)(3)(F) (1988).

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A)(iii) (1988).

<sup>8</sup> 17 CFR 240.19b-4(e)(6) (1966).

<sup>9</sup> 17 CFR 200.30-3(a)(12)(1996).