

concerns that the OTCBB would provide an active secondary trading market in unregistered securities. To address these concerns, the quotation of foreign securities on the OTCBB was limited to "non-firm" quotations that could be updated a maximum of two times per day. Thus, each quotation in a foreign security on the OTCBB is "stale" and serves more as an indication of a market maker's interest in dealing in the security than as an actual bid and offer in the security. In addition, while market makers must report trades in foreign securities to the NASD, the NASD uses this information for surveillance purposes only and does not make this information public.

The Commission believes that is appropriate to require that foreign securities be registered pursuant to Section 12 of the Act to be eligible for inclusion in the OTCBB. As a general matter, transparency benefits the markets. However, in the context of the inclusion of unregistered foreign securities on the OTCBB, the benefits may be outweighed by the potential from including unregistered securities on a visible U.S. market operated by a self-regulatory organization. Although the OTCBB provides some increase in transparency for foreign securities, this transparency is limited by the restriction to non-firm quotations updated twice daily. At the same time, the OTCBB may be inconsistent with the full disclosure goals of the securities laws in allowing a regulated public marketplace for unregistered securities. The Commission believes that the NASD could increase transparency with less customer confusion by requiring transaction reporting for foreign securities traded over-the-counter in the U.S. Transaction reporting information has the potential to greatly enhance the amount of market information available to investors and better enable investors to monitor the executions they receive in foreign securities. In the meantime, the Commission believes that it is preferable for the NASD to require foreign issuers that trade on the OTCBB to be registered. Under the NASD's amendment, this requirement will apply one year from the date of this Order. The one-year sunset provision for unregistered foreign issuers on the OTCBB will give issuers an opportunity to consider whether to register so that they can continue to have their securities included on the OTCBB in the U.S. or to make other arrangements. It also will provide the public with one-year's notice of the fact that these issuers will no longer be quoted on the OTCBB. The requirement that foreign

securities be registered will be effective on April 1, 1998.<sup>14</sup>

The Commission finds good cause for approving Amendment Nos. 3 and 4 to the proposed rule change prior to the 30th day after the date of publishing notice of the filing thereof. The Commission finds that approval of this proposed rule change is appropriate because the Commission has considered the comments received from interested parties and believes that the continued operation of the Service, as amended by this Order, is in the public interest. In particular, the Commission notes that the OTCBB has been operating continuously since June 1, 1990 on a pilot basis, and the Commission finds that a one-year phase-out of the system for unregistered foreign securities would prove less disruptive to trading than an immediate removal of unregistered foreign issuers from the OTCBB.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change SR-NASD-92-7 be, and hereby is, approved as amended. The change to Paragraph 6540(b)(1)(c) and the footnote will be effective on April 1, 1998.

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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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38452; File No. 600-25]

### Self-Regulatory Organizations; Participants Trust Company; Notice of Filing of Request and Order Approving Application for Extension of Temporary Registration as a Clearing Agency

March 28, 1997.

On February 14, 1997, the Participants Trust Company ("PTC") filed with the Securities and Exchange Commission ("Commission") a request pursuant to Section 19(a) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> for extension of its registration as a clearing agency under Section 17A

<sup>14</sup> The Commission expects that the NASD will act with diligence in attempting to ensure that this change as amended is enforced, and that the NASD will remove those securities from the OTCBB upon gaining knowledge that a foreign issuer included on the OTCBB is not registered and reporting under Section 12 of the Act, and the rules thereunder.

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

of the Act<sup>2</sup> for a period of one year.<sup>3</sup> The Commission is publishing this notice and order to solicit comments from interested persons and to grant PTC's request for an extension of its temporary registration as a clearing agency through March 31, 1998.

On March 28, 1989, the Commission granted PTC's application for registration as a clearing agency pursuant to Sections 17A(b)(2) and 19(a) of the Act<sup>4</sup> on a temporary basis for a period of one year.<sup>5</sup> Subsequently, the Commission issued orders that extended PTC's temporary registration as a clearing agency, the last of which extended PTC's registration through March 31, 1997.<sup>6</sup>

As discussed in detail in the initial order granting PTC's temporary registration,<sup>7</sup> one of the primary reasons for PTC's registration was to allow it to develop depository facilities for mortgage-backed securities, particularly securities guaranteed by the Government National Mortgage Association. PTC services include certificate safekeeping, book-entry deliveries, and other services related to the immobilization of securities certificates.

PTC continues to make significant progress in the areas of financial performance, regulatory commitments, and operational capabilities. For example, the original face value of securities on deposit at PTC as of December 31, 1996, totaled \$1.2 trillion, an increase of approximately \$125 billion over the amount on deposit as of December 31, 1995. Total pools on deposit, which were held at PTC in a total of 1.3 million participant positions, rose from 302,000 as of December 31, 1995, to more than 350,000 as of December 31, 1996.<sup>8</sup>

During its most recent temporary approval period, PTC established a new category of participant for Federal Reserve Banks.<sup>9</sup> The Federal Reserve Bank of New York became a Federal Reserve participant on December 31, 1996. On December 31, 1996, PTC's

<sup>2</sup> 15 U.S.C. 78q-1.

<sup>3</sup> Letter from John J. Sceppa, President and Chief Executive Officer, PTC (February 13, 1997).

<sup>4</sup> 15 U.S.C. 78q-1(b)(2) and 78s(a).

<sup>5</sup> Securities Exchange Act Release No. 26671 (March 28, 1989), 54 FR 13266.

<sup>6</sup> Securities Exchange Act Release Nos. 27858 (March 28, 1990), 55 FR 12614; 29024 (March 28, 1991), 56 FR 13848; 30537 (April 9, 1992), 57 FR 12351; 32040 (March 23, 1993), 58 FR 16902; 33734 (March 8, 1994), 59 FR 11815; 35482 (March 13, 1995), 60 FR 14806; and 37024 (March 26, 1996), 61 FR 14357.

<sup>7</sup> *Supra* note 5.

<sup>8</sup> *Supra* note 3.

<sup>9</sup> Securities Exchange Act Release No. 37813 (October 11, 1996), 61 FR 54483.

participants included twenty-seven banks, twenty-three broker-dealers, two government-sponsored enterprises, and the Federal Reserve Bank of New York. In addition, PTC declared a dividend of \$.98 per share to stockholders of record on December 31, 1996.<sup>10</sup>

In connection with PTC's original temporary registration, PTC committed to the Commission and to the Federal Reserve Bank of New York to make a number of operational and procedural changes.<sup>11</sup> Over the past year, PTC has continued its efforts to implement these operational and procedural changes. Currently, only one of PTC's original nine commitments, the commitment to make principal and interest advances optional, remains outstanding. In connection with this commitment, PTC has made significant progress in improving the collection process for principal and interest payments and is discussing with the Commission and the Federal Reserve Bank of New York means by which PTC can satisfy the commitment.<sup>12</sup>

PTC has functioned effectively as a registered clearing agency for the past eight years. In light of PTC's past performance, the Commission believes that PTC has the operational and procedural capacity to comply with the statutory obligations set forth under Section 17A(b)(3) of the Act<sup>13</sup> as prerequisites for registration as a clearing agency. Comments received during PTC's temporary registration will be considered in determining whether PTC should receive permanent registration as a clearing agency under Section 17A(b) of the Act.<sup>14</sup>

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 request for extension of temporary registration as a clearing agency that are filed with the Commission, and all written communications relating to the requested extension between the Commission and any person, other than those that may be withheld from the public in accordance with 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 PTC. All submissions should refer to File No. 600-25.

On the basis of the foregoing, the Commission finds that PTC's request for extension of temporary registration as a clearing agency is consistent with the Act and in particular with Section 17A of the Act.

It is therefore ordered, that PTC's registration as a clearing agency be and hereby is approved on a temporary basis through March 31, 1998.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>15</sup>

**Margaret H. McFarland,**  
Deputy Secretary.

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comment period soliciting comments on the following collection of information was published on December 19, 1996 [FR 61, page 67091-67092].

**DATES:** Comments on this notice must be received on or before May 7, 1997.

**FOR FURTHER INFORMATION CONTACT:** Mr. Kenneth C. Edgell, DOT Drug Program Office, Office of the Secretary, S-1, DEPC, Room 10317, Department of Transportation, at the address above. Telephone: (202) 366-3784.

**SUPPLEMENTARY INFORMATION:**

Office of the Secretary, Drug Program Office

*Title:* U. S. Department of Transportation (DOT) Breath Alcohol Testing Form.

*OMB Control Number:* 2105-0529.

*Affected Public:* Transportation industries.

*Abstract:* Under the Omnibus Transportation Employee Testing Act of 1991, DOT is required to implement an alcohol testing program in various transportation industries.

Breath-alcohol technicians (BAT) must fill out testing form. The form includes the employee's name, the type of test taken, the date of the test, and the name of the employer. Custody and control is essential to the basis purpose of the alcohol testing program. Data on each test conducted, including test results, are necessary to document tests conducted and actions taken to ensure safety in the workplace.

*Need:* This specific requirement is elaborated in 49 CFR Part 40, Procedures for Transportation workplace Drug and Alcohol Testing Programs.

*Burden Estimate:* The estimated burden is 1 hour annually.

Send comments to the Office of Information and Regulatory Affairs, Office of Management and Budget, 725-17th Street, NW., Washington, DC 20503, Attention DOT Desk Officer.

*Comments are invited on:* whether the proposed collection of information is necessary for the proper performance of the functions of the Department, including whether the information will have practical utility; the accuracy of the Department's estimate of the burden of the proposed information collection; ways to enhance the quality, utility and clarity of the information to be collected; and ways to minimize the burden of the collection of information on respondents, including the use of automated collection techniques or other forms of information technology.

<sup>10</sup> Securities Exchange Act Release No. 38280 (February 12, 1997), 62 FR 8072.

<sup>11</sup> The operational and procedural changes PTC committed to make were: (1) Eliminating trade reversals from PTC's procedures to cover a participant default; (2) phasing out the aggregate excess net debit limitation for extensions under the net debit monitoring level procedures; (3) making principal and interest advances, now mandatory, optional; (4) allowing participants to retrieve securities in the abeyance account and not allowing participants to reverse transfers because customers may not be able to fulfill financial obligations to the participants; (5) eliminating the deliverer's security interest and replacing it with a substitute; (6) reexamining PTC's account structure rules to make them consistent with PTC's lien procedures; (7) expanding and diversifying PTC's lines of credit; (8) assuring operational integrity by developing and constructing a back-up facility; and (9) reviewing PTC rules and procedures for consistency with current operations.

<sup>12</sup> On February 7, 1997, PTC filed an amended Form CA-1 with the Commission requesting permanent registration as a clearing agency under Section 17A of the Act. PTC's request is currently under review by the Commission.

<sup>13</sup> 15 U.S.C. 78q-1(b)(3).

<sup>14</sup> 15 U.S.C. 78q-1(b)(3).

## DEPARTMENT OF TRANSPORTATION

### Office of the Secretary

#### Reports, Forms and Recordkeeping Requirements; Agency Information Collection Activity Under OMB Review

**AGENCY:** Office of the Secretary, DOT.

**ACTION:** Notice.

**SUMMARY:** In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 3501, *et seq.*) this notice announces that the Information Collection Request (ICR) abstracted below has been forwarded to the Office of Management and Budget (OMB) for review and comment. The ICR describes the nature of the information collection and it's expected cost and burden. The **Federal Register** Notice with a 60-day

<sup>15</sup> 17 CFR 200.30-3(a)(50).