

would generally be performed at cost. The Applicants further state that to the extent that any Nonutility Company uses the expertise or resources of an Excepted Company in connection with the performance of Administrative Services, Consulting Services or Development Activities, such expertise or resources shall be provided in a manner consistent with the terms and conditions contained in the June 1995 Order.

To the extent not exempt or otherwise authorized by the Commission, Entergy requests an exemption from the "at cost" requirements of rules 90 and 91 for the performance of Administrative Services, Consulting Services and Development Activities by Nonutility Companies for associate Nonutility Companies, provided that no Excepted Company shall be engaged or otherwise involved, directly or indirectly, in the performance of Administrative Services, Consulting Services or Development Activities that are provided to Nonutility Companies at a price other than at cost. Nonutility Companies would continue to provide Consulting Services to nonassociate companies at market rates.

#### *Payment of Dividends*

To the extent not exempt from the Act or otherwise authorized by the Commission, Entergy requests authorization for Nonutility Companies to declare and pay dividends out of capital or unearned surplus to their immediate parent companies through December 31, 2002, subject to applicable corporate law and any applicable financing agreement which restricts distributions to shareholders.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

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

[FR Doc. 98-4204 Filed 2-18-98; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39647; File No. SR-DTC-97-12]

### **Self-Regulatory Organizations; the Depository Trust Company; Notice of Filing of Proposed Rule Change to Establish a Voluntary Redemption and Sales Service for Depository Eligible Units of Unit Investment Trusts**

February 11, 1998.

Pursuant to Section 19(b)(1) of the Securities and Exchange Act of 1934

("Act"),<sup>1</sup> notice is hereby given that on June 27, 1997, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") and on January 22, 1998, amended 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 will allow DTC to establish procedures for a redemption and sales service for depository eligible unit investment trusts ("UITs") to be called the investor's voluntary redemptions and sales service ("IVORS").

#### **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 is establishing IVORS to provide its participants with a secure and efficient redemption and sales service for DTC-eligible units in UITs. IVORS will offer two basic UIT services: (1) Redemption of units with the UIT transfer agent for cash payment and (2) sale of units to the UIT sponsor for cash payment. IVORS initially will be available to eligible DTC participants by way of DTC's participant terminal system ("PTS").

IVORS will be available only if (1) the UIT units are DTC-eligible and are held in DTC's fast automated securities transfer ("FAST") system;<sup>3</sup> (2) the FAST transfer agent currently is or agrees to become a full service DTC participant; and (3) the UIT's lead

sponsor or its clearing agent agrees to participate in IVORS as a DTC participant. When a specific UIT becomes eligible for IVORS, its FAST transfer agent will submit initial standing instructions for the UIT to an IVORS data base on PTS regarding participants' ability to redeem or to sell units through IVORS. The UIT sponsor will be able to make daily changes to those standing instructions by way of PTS. When a participant holding units in its DTC account submits a request through IVORS to surrender the units for their value, IVORS will determine which of the two basic services (*i.e.*, redemption or sale) is available for the units based on the standing instructions for the particular UIT CUSIP number in the IVORS database.

After the determination of whether to surrender the units through a redemption or sale has been made, IVORS will then process the transaction. On the date of the participant's request to surrender the units (*i.e.*, trade date or "T"), IVORS will move the surrendered units from the participant's free position to its "IVORS pending surrender segregation account." Before the end of the day on T+2, either the FAST transfer agent or the UIT sponsor will enter into IVORS the redemption price (if the units are to be redeemed) or the purchase price (if the units are to be sold) plus the accrued dividend per unit. Both redemptions and sales of units through IVORS will be settled on T+3.

IVORS automatically will calculate the settlement value of the redemption or sale and will generate a deliver order ("DO") to move the units versus payment of the settlement value from the redeeming participant's IVORS pending surrender segregation account either to the FAST transfer agent's DTC participant account (in the case of a redemption) or to the UIT sponsor's DTC participant account (in the case of a sale). If the units are being redeemed, IVORS automatically will generate a second DO to remove the units from the FAST transfer agent's DTC participant account. If the units are being sold, the units will remain in the UIT sponsor's DTC account until the UIT sponsor later delivers them to a secondary-market purchaser or redeems them by way of IVORS.

DTC believes that the proposed rule change is consistent with the requirements of Section 17A(b)(3)(A) of the Act<sup>4</sup> and the rules and regulations thereunder because it will promote efficiencies in the clearance and settlement of securities transactions.

<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 has informed the Commission that DTC-eligible UIT units usually are held in the FAST system.

<sup>4</sup> 15 U.S.C. 78q-1(b)(3)(A).

**(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, in the public interest, or for the protection of investors.

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

DTC has solicited participant comments on the proposed rule change. It has taken into account participant input in the development of this proposal.

DTC's planning department with several UIT sponsors and trustee/transfer agents in the process of developing the IVORS service. The proposal for IVORS was distributed to the executive committee of the Reorganization Division Inc. of the Securities Industry Association ("SIA"). Slides of the proposed service were also presented during annual meetings of the SIA Reorganization Division.

In response to DTC newsletter articles regarding the IVORS proposal and discussions with participant service representatives on their field trips, over a dozen participants requested copies of the IVORS proposal and offered to participate in a pilot of the new service.

**III. Date of Effectiveness of the Proposed Rule Change 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 (ii) as to which DTC consents, the Commission will:

(A) By order approve such proposed rule change or

(B) Institute proceedings 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, including whether the proposed rule change is consistent with the Act. 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-97-12 and should be submitted by March 12, 1998.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 98-4095 Filed 2-18-98 8:45 am]

BILLING CODE 8010-01-M

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-39648; File No. SR-OCC-97-12]

**Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of a Proposed Rule Change Regarding Initial and Minimum Net Capital Requirements for Futures Commission Merchants**

February 11, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on July 15, 1997, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-OCC-97-12) as described in Items I, II, and III below, which items have been prepared primarily by OCC. 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 proposed rule change will amend OCC's rules regarding its initial and minimum net capital requirements for clearing members that are also registered futures commission merchants ("FCMs").

<sup>5</sup> 17 CFR 200.30-3(a)(12).

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

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

In its filing with the Commission, OCC 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. OCC 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**

The purpose of the proposed rule change is to amend OCC's rules regarding its members that are also FCMs. Under the proposed rule change, the initial and minimum net capital<sup>3</sup> of these members must exceed the greater of the following standards: OCC's current initial and minimum net capital requirements or that required by the clearing organization of the FCM member's designated self-regulatory organization ("DSRO").<sup>4</sup>

The proposed rule change also will modify OCC's early warning notice provisions to require OCC members that are also FCMs to notify OCC if the member's capital falls below OCC's net capital requirements or if the member's capital falls below OCC's net capital requirements or if the member's capital falls below the minimum net capital requirements set by the clearing organization of the member's designated DSRO.<sup>5</sup>

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

<sup>3</sup> OCC Rules 301 and 302 require initial and minimum net capital requirements of \$1,000,000 and \$750,000, respectively.

<sup>4</sup> According to OCC, the terms clearing organization and DSRO shall have the meanings ascribed to them in the General Regulation of the Commodity Exchange Act, 17 CFR 1.3(d) and 17 CFR 1.3(ff)(1)(2), respectively. Letter from Robert C. Rubenstein, OCC (September 3, 1997).

<sup>5</sup> This rule change assumes the prior effectiveness of OCC's proposed rule change File No. SR-OCC-97-05, which will amend OCC's by-laws and rules to provide for early warning notice of noncompliance with the financial requirements of a regulatory organization. Securities Exchange Act Release No. 38948 (August 19, 1997) 62 FR 44998 [File No. SR-OCC-97-05] (filing of a proposed rule change relating to early warning notices). In the event that the filing is not approved prior to the approval of this rule change, then Rule 303 will read as follows:

(a) A clearing member other than an exempt Non-U.S. clearing member shall notify the Corporation promptly, and in any event prior to 3:00 P.M. Central Time (4:00 P.M. Eastern Time) of the following business day if: