

comply with, and enforce compliance by its members and associated persons, with the provisions of the Act, the rules and regulations thereunder, and the rules of the NASD. Furthermore, the amendments are designed (with amendments to the NASD By-Laws simultaneously approved in SR-NASD-96-20, as set forth below) to assure a fair representation of the NASD's members, in the selection of its directors and administration of its affairs as well as comply with the public and non-industry participant requirements of the Act. It is envisioned that these rules and any subsequent changes that may be implemented from time-to-time will enable the NASD to better comply with the requirements of Section 15A(b)(2) in particular and the Act in general.

The Commission finds good cause for approving the proposed rule change prior to the 30th day after the date of publication of notice of filing thereof in that accelerated approval will enhance the NASD's ability to carry out its regulatory obligations under the Act. The Commission believes that the proposed rule change is intended to accomplish certain allocations and delegations of authority necessary to reorganize the NASD, and establish as separate subsidiaries the NASDR and Nasdaq in accordance with the September 1995 recommendations of The Select Committee on Structure and Governance in order to enable the NASD to meet its regulatory and business obligations. The Delegation Plan, which is part of this proposed rule change, sets forth the purpose, functions, governance, procedures, and responsibilities of the NASD, the NASDR and Nasdaq following the reorganization of the NASD. The NASD's Board of Governors, which has been reorganized to be consistent with the proposed rule change, has held meetings to carry out the business of the Association. The subsidiaries also have held meetings of the Board of Directors of NASDR and Nasdaq in order to carry out the business of the subsidiaries during the 90 day period during which the Delegation Plan has been effective.

The proposed rule change, was previously simultaneously published for comment and approved by the Commission on a temporary basis for a period of 120 days in Release 34-37425. The 120 day approval period is scheduled to expire by November 18, 1996. No comment letters concerning the Delegation Plan were received by the Commission. The reorganization of the NASD Board of Governors is also reflected in rule changes to the NASD By-Laws submitted in rule filing SR-NASD-96-20, which also was

previously granted temporary approval for 120 days.<sup>8</sup> The Commission is extending its temporary approval of that proposed rule change.<sup>9</sup>

Accordingly, the Commission believes that accelerating the approval of the proposed rule change as further amended by Amendment No. 3 will benefit members and the public interest by fully implementing the reorganization of the NASD and its subsidiaries.

#### V. 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. Copies of such filing will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to the file number in the caption above and should be submitted by December 12, 1996.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act, that the proposed rule change SR-NASD-96-29, as amended by Amendment No. 3, be, and hereby is, approved through May 15, 1997.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

Margaret H. McFarland,  
*Deputy Secretary.*

[FR Doc. 96-29792 Filed 11-20-96; 8:45 am]

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[Release No. 34-37933; File No. SR-Philadep-96-16]

#### **Self-Regulatory Organizations; Philadelphia Depository Trust Company; Order Granting Accelerated Approval of a Proposed Rule Change Relating to the Procedures To Establish a Direct Registration System**

November 8, 1996.

On October 16, 1996, the Philadelphia Depository Trust Company ("Philadep") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-Philadep-96-16) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").<sup>1</sup> On October 17, 1996, Philadep filed an amendment to the proposed rule change.<sup>2</sup> Notice of the proposal was published in the Federal Register on October 30, 1996.<sup>3</sup> No comment letters were received. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

#### I. Description

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.<sup>4</sup> DRS permits an investor to hold a security as the registered owner of the security in book-entry form on the books of the issuer rather than (1) indirectly through a financial intermediary that holds the security in street name or in an account with a depository or (2) in the form of a certificate. An investor will have the right at any time to transfer its DRS position from the issuer to a financial intermediary through the facilities of Philadep in order to sell or pledge the security. Alternatively, an investor will have the right at any time to request a certificate.<sup>5</sup>

The transfer agents of issuers interested in participating in Philadep's

<sup>1</sup> 15 U.S.C. § 78s(b)(1) (1988).

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

<sup>3</sup> Securities Exchange Act Release No. 37858 (October 23, 1996), 61 FR 56079.

<sup>4</sup> For description of The Depository Trust Company's implementation of DRS, refer to Securities Exchange Act Release No. 37931 (November 7, 1996).

<sup>5</sup> For a complete description of DRS, refer to Securities Exchange Act Release No. 35038 (December 1, 1994), 59 FR 63652 (concept release on a transfer agent operated book-entry registration system) and DTC Important Notice B# 1811-96 (October 7, 1996) and Important Notice B# 1841-96 (October 7, 1996), which are attached as Exhibits A and B to Securities Exchange Act Release No. 37800 (October 9, 1996), 61 FR 54473.

<sup>8</sup> Securities Exchange Act Release No. 37424 (July 11, 1996), 61 FR 37515 (July 18, 1996).

<sup>9</sup> See Securities Exchange Act Release No. 37956 (November 15, 1996).

<sup>10</sup> 17 CFR 200.30-3(a)(12).

DRS must join 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. After a transfer agent has requested that Philadep make an issue DRS eligible, Philadep will add a DRS indicator to its Security Profile On-Line ("SPOL") system to reflect that the issue is DRS eligible and to notify the respective participants accordingly.

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 (1) to register positions on the books of the issuer, (2) to have a physical certificate issued, (3) to indicate that the submitting broker for the WT request is serving in a correspondent capacity (known as third party transfers) and (4) to reverse the prior DRS transaction.

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

In the event that an investor wants to sell a DRS position, the transfer agent will provide the appropriate delivery order ("MDO") instructions and the proper reason code to move the position into the appropriate account at Philadep. 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 movement and will return all positions. Philadep will produce an activity report for all movements.

## II. Discussion

Section 17A(a)(1)(A) <sup>6</sup> of the Act sets forth Congress' findings that the prompt and accurate clearance and settlement of securities transactions, including the transfer of record ownership and the safeguarding of securities and funds related thereto, are necessary for the

protection of investors and persons facilitating transactions by and acting on behalf of investors. Section 17A(b)(3)(F) provides that the rules of a clearing agency must be designed to promote the prompt and accurate clearance and settlement of securities transactions.<sup>7</sup>

Currently, individual investors have the option of either holding a physical certificate or allowing broker-dealers to hold the securities for them in street name. Some investors do not want to hold through a broker-dealer because, among other reasons, of possible delays in receiving correspondences from issuers or because of fees that may be incurred by investors who do not make purchases and sales of securities on a regular basis. However, holding a physical certificate may slow or impede an investor's ability to deliver the security after the sale. By providing individual investors that do not want to have broker-dealers hold their securities for them in street name the option of holding in book-entry form on the books of the issuers and to subsequently have such positions transferred electronically to banks or broker-dealers in connection with the sales or other dispositions of the securities, the Commission believes that Philadep's DRS should help promote efficiencies in the prompt and accurate clearance and settlement of securities transactions and is consistent with Philadep's obligations under Section 17A.

Philadep 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 approving the proposed rule change prior to the thirtieth day after the date of publication because accelerated approval will allow Philadep to implement its DRS pilot program on its scheduled date of November 11, 1996.

## III. Conclusion

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

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-Philadep-96-16) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

Margaret H. McFarland,  
*Deputy Secretary.*

[FR Doc. 96-29716 Filed 11-20-96; 8:45 am]

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## SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster Loan Area #2907; Amendment #1]

### Florida; and Contiguous Counties in Georgia; Declaration of Disaster Loan Area

In accordance with a notice from the Federal Emergency Management Agency, dated November 8, 1996, the above-named Declaration is hereby amended to establish the incident period for this disaster as beginning on October 7, 1996 and continuing through October 22, 1996.

All other information remains the same, i.e., the deadline for filing applications for loans for physical damages is December 14, 1996; and for economic injury the deadline is July 15, 1997.

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

Dated: November 12, 1996.

Herbert L. Mitchell,

*Acting Associate Administrator for Disaster Assistance.*

[FR Doc. 96-29702 Filed 11-20-96; 8:45 am]

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[Declaration of Disaster Loan Area #2911; Amendment #1]

### New Hampshire; Declaration of Disaster Loan Area

In accordance with a notice from the Federal Emergency Management Agency, dated November 12, 1996, the above-named Declaration is hereby amended to establish the incident period as beginning October 20, 1996 and continuing through October 26, 1996.

All other information remains the same, i.e., the termination date for filing applications for loans for physical damages may be filed until the close of business on December 28, 1996, and for loans for economic injury until the close of business on July 29, 1997.

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

Dated: November 14, 1996.

James Rivera,

*Acting Associate Administrator for Disaster Assistance.*

[FR Doc. 96-29703 Filed 11-20-96; 8:45 am]

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<sup>6</sup> 15 U.S.C. § 78q-1(a)(1)(A) (1988).

<sup>7</sup> 15 U.S.C. § 78q-1(a)(3)(F) (1988).

<sup>8</sup> 17 CFR 200.30-3(a)(12) (1996).