

equipment to be able to process transactions through the facilities of MBSCC and be able to receive reports, notices, and other communications relating to transactions prepared by MBSCC. Any current MBSCC participant trading a COS eligible security in a principal capacity will be able to participate in COS if the counterparty is a limited purpose participant or the security traded is not eligible in CCS.

Under COS, a trade will be negotiated by the parties. Trade terms will then be submitted electronically by the parties to MBSCC for comparison. The submitted trade terms will then be compared in MBSCC's AM or PM processing pass. For a trade to compare in COS, certain trade data will have to match exactly.³ If a trade compares, MBSCC will issue a purchase and sale report go each side of the trade. The purchase and sale report will serve as the sole binding confirmation of the trade. The trade will then be settled outside of the MBSCC system. Trade terms that do not compare will be reported as unmatched on a transaction summary report sent to the parties. Individually or jointly, the parties must then resolve or delete the unmatched trade by taking one or more of the following on-line actions: deletes, DK's (don't know), affirms, and new input. Unmatched trades will remain on a transaction summary report until resolved. MBSCC's current rule on CCS unmatched items will similarly be applied to COS unmatched items. Specifically, until the unmatched item is resolved or deleted, the participant(s) will be subject to the imposition of late fees by MBSCC. For purposes of computing the late fees, each missed processing pass after a two pass grace period will result in a separate assessment against the participant(s). If the unmatched trade is resolved, MBSCC will compare and confirm it with a purchase and sale report as described above.

MBSCC believes that the proposed rule change is consistent with the requirements of Section 17A(3)(F) of the Act⁴ and the rules and regulations thereunder because it will facilitate the prompt and accurate clearance and settlement of securities transactions.

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

MBSCC does not believe that the proposed rule change will have an

impact on or impose a 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 solicited or received. MBSCC will notify the Commission of any written comments received by MBSCC.

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 MBSCC 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. 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 Room, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of MBSCC.

All submissions should refer to the file number SR-MBSCC-97-03 and should be submitted by April 28, 1997.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-8791 Filed 4-4-97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38456; File No. SR-NASD-92-7]

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Order Approving and Notice of Filing and Order Granting Accelerated Approval of Amendment Nos. 3 and 4 to Proposed Rule Change Relating to the OTC Bulletin Board Service

March 31, 1997.

I. Introduction

On March 12, 1992, the National Association of Securities dealers, Inc. ("NASD") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ a proposal to obtain permanent approval of the OTC Bulletin Board Service ("OTCBB Service," "OTCBB" or "Service"). The Commission noticed and solicited comments regarding the proposal in the **Federal Register**.² On October 6, 1994 and on November 8, 1994, the NASD filed Amendment Nos. 1 and 2 to the proposal. The Commission noticed and solicited comment regarding Amendments 1 and 2.³ On March 14, 1997, the NASD filed Amendment No. 3 to the proposed rule change. Amendment No. 3 supersedes Amendment Nos. 1 and 2. On March 21, 1997, the NASD filed Amendment No. 4 to the proposal.⁴ This Order approves the proposed rule change as amended by Amendment Nos. 3 and 4 on an accelerated basis.

II. Background

On June 1, 1990, the NASD, through Nasdaq, initiated operation of the OTC

¹ 15 U.S.C. § 78s(b)(1).

² Securities Exchange Act Release No. 30766 (June 1, 1992), 57 FR 24281.

³ Securities Exchange Act Release No. 34956 (November 9, 1994), 59 FR 59808. The amendments would have narrowed the universe of securities eligible for quotation on the Service. Specifically, the NASD proposed to narrow the subset of foreign equity securities, including those represented by American Depositary Receipts, that would have been OTCBB-eligible to those securities registered with the Commission pursuant to Section 12 of the Act. This requirement would have become effective on July 5, 1994. Any foreign equity security quoted in the OTCBB as of the close of business on July 1, 1994 that was not registered pursuant to Section 12 of the Act could remain OTCBB-eligible provided that the issuer maintained an exemption from Section 12 registration pursuant to Rule 12g3-2(b) under the Act.

⁴ The NASD submitted a technical amendment on March 27, 1997, stating that the change to Paragraph 6540(b)(1)(c) would not be implemented until April 1, 1998. See Note 7 infra.

³ Specifically, the trade data will be buyer versus seller, buyer account, seller account, class code or CUSIP/pool number, price, trade type, trade date, settlement date, and par value.

⁴ 15 U.S.C. 78q-1(b)(3)(F).

⁵ 17 CFR 200.30-3(a)(12).

Bulletin Board Service, which the Commission had approved on a temporary basis.⁵ The OTCBB Service provides a real-time quotation medium that NASD member firms can use to enter, update, and retrieve quotation information (including unpriced indications of interest) for equity securities traded over-the-counter that are neither listed on The Nasdaq Stock MarketSM nor on a primary national securities exchange (collectively referred to as "OTC Equities").⁶ Essentially, the Service supports NASD members' market making in OTC Equities through displaying quotations entered through authorized Nasdaq Workstation units. Real-time access to quotation information captured in the Service is available to subscribers of Level 2/3 Nasdaq service as well as subscribers of vendor-sponsored services that now carry OTCBB service data.

The OTCBB disseminates quotations in electronic form for securities that, for many years, had quotations published only through reports known as the "pink sheets." Consistent with the goals and objectives respecting the development of a national market system, the OTCBB was initiated to allow the market makers in non-Nasdaq securities to enter and update quotation information on a real-time basis. This capability has enhanced the availability of market information for non-Nasdaq securities of domestic companies. Similarly, the OTCBB has provided order entry firms with real-time access to the trading interest in domestic securities being displayed by market makers in OTC equity securities. This access has assisted them in negotiating the execution of customer orders at the best available price. In addition, the inclusion on the OTCBB of the telephone numbers of participating market makers has expedited the retail firms' processing of market orders. The OTCBB also has strengthened the

NASD's ability to monitor quotations in these OTC equity securities.

III. Description of Amendment Nos. 3 and 4

Amendment No. 3 proposes to require that foreign securities and ADRs be registered with the Commission pursuant to Section 12 of the Act to remain eligible for quotation on the OTCBB. The proposed requirement would be effective on April 1, 1998.⁷ Amendment No. 4 amends the text of the proposed rule change and clarifies that the NASD will remove any foreign security from the OTCBB if it is brought to its attention that the security is no longer registered with the Commission pursuant to Section 12 of the Act. Proposed new language is in italics; proposed deletions are in brackets.

6530. OTCBB-Eligible Securities

The following categories of securities shall be eligible for quotation in the Service:

(a) No change

(b) any foreign equity security or American Depositary Receipt (ADR) that is not listed on Nasdaq or a registered national securities exchange in the U.S., except that foreign equity securities or ADRs that are (1) listed on one or more regional stock exchanges and (2) do not qualify for dissemination of transaction reports via the facilities Consolidate Tape shall be considered eligible.]

(b) any foreign equity security or American Depositary Receipt (ADR) that:

(1) prior to April 1, 1998, is not listed on Nasdaq or a registered national securities exchange in the U.S., except that a foreign equity security or ADR shall be considered eligible if it is:

(A) listed on one or more regional stock exchanges and;

(B) does not qualify for dissemination of transaction reports via the facilities of the Consolidated Tape.

(2) after March 31, 1998, is registered with the Securities and Exchange Commission pursuant to Section 12 of the Securities Exchange Act of 1934 and is not listed on Nasdaq or a registered national securities exchange in the U.S., except that a foreign equity security or ADR shall be considered eligible if it is:

(A) listed on one or more regional stock exchanges and;

(B) does not qualify for dissemination of transaction reports via the facilities of the Consolidated Tape.

* * * * *

6540. Requirements Applicable to Market Makers

(a) No change

(b) No change

(1) Permissible Quotation Entries

(A) No change

(B) No change

(C) A priced bid and/or offer entered into the Service for a [foreign equity security, and ADR, or a]* Direct Participation Program security shall be non-firm.² Moreover, a market maker is only permitted to update quotation entries in such securities twice daily, i.e., once between 8:30 a.m. and 9:30 a.m. Eastern Time, and once between noon and 12:30 p.m. Eastern Time.

² The non-firm or indicative nature of a priced entry [in a foreign or ADR issue] is specifically identified on the montage of market maker quotations accessible through the Nasdaq Workstation service for this subset of OTCBB-eligible securities.

* * * * *

*The text in brackets in paragraph 6540(b)(1)(c) and the footnote will be amended effective April 1, 1998.⁸

IV. Comments Received

The Commission received twenty-four letters in response to its request for comments on the proposal and Amendment Nos. 1 and 2. Two comment letters supported permanent approval of the Service.⁹ Twenty-two letters commented about Amendment Nos. 1 and 2 to the proposal. Although these amendments are superseded by Amendment Nos. 3 and 4, most of the commenters expressed views regarding the eligibility of foreign equity securities on the Service.

Nineteen commenters urged the Commission not to narrow the group of securities eligible for quotation on the Service.¹⁰ These commenters argued

⁸ See Letter from Robert E. Aber, Vice President and General Counsel, Nasdaq, to Katherine England, Assistant Director, Division of Market Regulation, SEC (March 27, 1997).

⁹ Letter from William F. Ross, Public Securities, Inc., to Jonathan G. Katz, Secretary, SEC (September 30, 1993); Letter from Arthur J. Pacheco and John L. Watson III, Security Traders Association, to Jonathan G. Katz, Secretary, SEC (June 23, 1992).

¹⁰ Letter from Thomas D. Sanford, Vice President, The Bank of New York, to Jonathan G. Katz, Secretary, SEC (May 6, 1996); Letter from Zhi-jiong Xu, Vice Chairman and Chief Accountant, Shanghai Erfanji Co., Ltd. to Jonathan G. Katz, Secretary, SEC (October 10, 1995); Letter from P.F. Haesler and C.R. Rosset, Holderbank, to Jonathan G. Katz, Secretary, SEC (June 19, 1995); Letter from Todd M. Roberts, Roberts, Sheridan & Kotel, to Jonathan G. Katz, Secretary, SEC (April 18, 1995); Letter from Dr. Serfas Karran, Dresdner Bank, to Jonathan G. Katz, Secretary, SEC (March 8, 1995); Letter from

⁵ Securities Exchange Act Release No. 27975 (May 1, 1990), 55 FR 19124. On March 12, 1992, the NASD filed with the Commission a proposal to obtain permanent approval of the Service. See Securities Exchange Act Release No. 30766 (June 1, 1992), 57 FR 24281. Since that time, the Commission has extended operation of the Pilot Program on several occasions. The most recent extension expires March 31, 1997.

⁶ With the Commission's January 1994 approval of File No. SR-NASD-93-24, the universe of securities eligible for quotation in the OTCBB now includes certain equities listed on regional stock exchanges that do not qualify for dissemination of transaction reports via the facilities of the Consolidated Tape Association. Securities Exchange Act Release No. 33507 (January 24, 1994), 59 FR 4300 (order approving File No. SR-NASD-93-24).

⁷ Under the temporary approval, foreign securities that are included on the OTCBB need not be registered with the Commission as long as they are in compliance with Rule 12g3-2(b) under the Act. Amendment No. 3 will provide a one-year sunset period for this part of the Pilot Program.

against limiting the Service to foreign equity securities registered pursuant to Section 12 of the Act. The commenters stated that the proposed amendment would adversely affect the market for Level I ADRs, which permits many foreign issuers to develop a U.S. equity market. They argued that the proposed amendment would hurt the liquidity of the market for Level I ADRs and impair the access of foreign issuers to the U.S. equity trading markets.

The American Stock Exchange, Inc. ("Amex") and the New York Stock Exchange, Inc. ("NYSE") submitted comment letters objecting to the inclusion of unregistered foreign securities on the Service.¹¹ Both the Amex and the NYSE urged the Commission not to grant permanent approval to the Service, and to disapprove the NASD's proposal to grandfather and make eligible for quotation those securities whose issuers had perfected their Rule 12g3-2(b) exemption by July 1, 1994. The NYSE asserted its belief that the Commission should act promptly to remove foreign securities from the Service. The Amex also objected to the grandfathering of foreign unregistered securities, and asserted that the Service provides a significant disincentive to listing and

registration for foreign issuers. In addition, the Amex argued against allowing foreign unregistered securities to be quoted on the Service because foreign issuers would be able to obtain much of the visibility of an exchange or Nasdaq listing without the burdens of registration.

V. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning Amendment Nos. 3 and 4 to File No. SR-NASD-92-7. 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 Room. Copies of the 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 April 28, 1997.

VI. Commission's Findings and Order Granting Accelerated Approval

The Commission finds that approval of the proposed rule change is consistent with the Act and the rules and regulations thereunder, and, in particular, with the requirements of Section 15A(b)(6), which provides that the rules of the NASD must be designed to prevent fraudulent and manipulative acts and practices and to promote just and equitable principles of trade, and of Section 15A(b)(11) of the Act, which provides that the rules of the NASD relating to quotations must be designed to produce fair and informative quotations, prevent fictitious or misleading quotations, and promote orderly procedures for collecting, distributing, and publishing quotations.

The Commission believes that permanent approval of the NASD's proposal is appropriate at this time. The OTCBB has fulfilled the NASD's objectives of increasing the visibility, liquidity, and surveillance of non-Nasdaq OTC equity securities.¹² As

currently configured, the OTCBB provides firm quotations and 90 second trade reporting for domestic securities, which has brought much needed transparency to the market for these securities. The enhanced transparency facilitates price discovery and the execution of customers' orders at the best available price. Additionally, continued operation of the Service will materially assist the NASD's surveillance of its members' trading in OTC Equities that are eligible and quoted in the Service, and in regional exchange securities that are not reported to the Consolidated Tape and that are quoted in the OTCBB by NASD members.

The domestic issues included on the OTCBB do not meet Nasdaq inclusion standards and are less widely held, more illiquid, and do not have the operating history of Nasdaq companies.¹³ While the potential for trading abuses is greater for these types of securities, these abuses can be reduced by according more transparency to these securities. Nevertheless, the operation of the OTCBB places a concomitant responsibility on the NASD to surveil adequately the quotes and prices disseminated over the Service. Indeed, the additional transparency from the OTCBB should assist the NASD in its surveillance efforts.

With respect to foreign issuers on the OTCBB, the Commission believes a different analysis is warranted. Since the OTCBB's inception, the inclusion of unregistered foreign securities and ADRs on the Service has raised concern. As part of the Pilot Program, the Commission permitted the inclusion of quotations on the OTCBB of foreign securities that were not registered under the Act although in compliance with Rule 12g3-2(b), because the OTCBB was viewed as merely providing transparency to trading in foreign issues already occurring in the over-the-counter market. In contrast, securities listed on an exchange or quoted on Nasdaq must be registered securities. Registration requires, in part, that the issuer provide financial information in accordance with U.S. accounting standards. The quotation of foreign securities on the OTCBB has raised

trade reporting. The NASD has made improvements to the OTCBB since then. Pursuant to NASD rules, all quotations for domestic securities must be two-sided and firm; trades are reported within 90 seconds.

¹³ Issuers whose securities are included in the OTCBB generally are required to register and report pursuant to Section 12 of the act when the issuer has more than 500 record holders of its equity securities and \$10 million in total assets.

Sergio Luiz Goncalves Pereira, Director of Economy and Finance and Market Relations, Telebras, to Jonathan G. Katz, SEC (March 8, 1995); Letter from Peter B. Tisne, Emmet, Marvin & Martin, LLP, to Jonathan G. Katz, Secretary, SEC (March 16, 1995); Letter from Alan Mercer, Peregrine Investments Holdings Limited, to Jonathan G. Katz, Secretary, SEC (March 21, 1995); Letter from P. Barnes-Wallis, Director of Public Affairs, Rolls-Royce plc, to Jonathan G. Katz, Secretary, SEC (March 9, 1995); Letter from Murilo Bueno Kammer, General Director, Iochpe-Maxion, to Jonathan G. Katz, Secretary, SEC (March 17, 1995); Letter from Yauaki Hirata, Director of Finance, Kobe Steel, Ltd., to Jonathan G. Katz, Secretary, SEC (March 14, 1995); Letter from John T. Hung, Executive Director, Wheelock and Company Limited, to Jonathan G. Katz, Secretary, SEC (March 21, 1995); Letter from EVN Energie vernünftig nutzen, to Jonathan G. Katz, Secretary, SEC (March 17, 1995); Letter from Ralph Marinello, Vice President, Citibank, to Jonathan G. Katz, Secretary, SEC (April 27, 1995); Letter from Song Zhuangfei, Chairman of the Board and General Manager, Shanghai Tyre & Rubber Co., Ltd., to Jonathan G. Katz, Secretary, SEC (February 1995); Letter from Shanghai Aklai Chemical Co., Ltd., to Jonathan G. Katz, Secretary, SEC (October 7, 1995); Letter from Shenzhen Special Economic Zone Real Estate & Properties (Group) Co. Ltd., to Jonathan G. Katz, Secretary, SEC (February 1995); Letter from Robert Courtney Mangone, Fox & Horan, to Jonathan G. Katz, SEC (February 27, 1995); Letter from Thomas D. Sanford, Vice President, The Bank of New York, to Brandon Becker and Linda Quinn, SEC (November 15, 1994); Letter from Scott A. Ziegler, Ziegler, Ziegler & Altman, to Jonathan G. Katz, Secretary, SEC (December 11, 1994).

¹¹ Letter from James F. Duffy, Executive Vice President and General Counsel, Amex, to Jonathan G. Katz, Secretary, SEC (December 9, 1994); Letter from James E. Buck, Senior Vice President and Secretary, NYSE, to Jonathan G. Katz, Secretary, SEC (March 18, 1993).

¹² At its inception, the OTCBB rules did not require firm quotations, two-sided quotations, or

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, 1998.¹⁴

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")¹ for extension of its registration as a clearing agency under Section 17A

¹⁴ 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.

¹⁵ U.S.C. 78s(a).

of the Act² for a period of one year.³ 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 Act⁴ on a temporary basis for a period of one year.⁵ 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, 1997.⁶

As discussed in detail in the initial order granting PTC's temporary registration,⁷ 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, 1996.⁸

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

² 15 U.S.C. 78q-1.

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

⁴ 15 U.S.C. 78q-1(b)(2) and 78s(a).

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

⁶ 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.

⁷ *Supra* note 5.

⁸ *Supra* note 3.

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