

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39071; File No. SR-DTC-97-09]

Self-Regulatory Organizations; the Depository Trust Company; Notice of Filing of Proposed Rule Change Regarding the Custody Service for Non-Depository Eligible Securities

September 12, 1997.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on June 4, 1997, 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 will allow DTC to enter into contracts with individual participants to provide customized custodian, transaction, and related processing services under DTC's custody service for certain securities which are not depository eligible ("custody 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.²

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

DTC's custody service, which has been approved by the Commission, currently offers custodian, transaction, and related processing services to participants in connection with certain securities which are not depository eligible (i.e., securities with certain

transfer restrictions).³ DTC has advised the Commission that some participants that have shown an interest in the custody service have requested customization of the custody service in order to meet their individual needs.⁴ The purpose of the proposed rule change is to permit DTC to enter into contracts with individual participants to provide such customized processing services under the custody service. However, under the proposed rule change DTC would not be obligated to enter into any such contracts with participants or to offer the same terms under any such contracts to all participants.⁵

DTC believes that the proposed rule change is consistent with the requirements of section 17A(b)(3)(A) of the Act⁶ and the rules and regulations thereunder because it promotes efficiencies in the clearance and settlement of securities transactions.

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

DTC believes that no burden will be placed on competition as a result of the proposed rule change.

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

Comments were neither solicited nor received.

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

³ For a more detailed description of DTC's custody service, refer to Securities Exchange Act Release Nos. 38561 (April 30, 1997), 62 FR 25008 [File No. SR-DTC-97-01] (order approving proposed rule change implementing the dividend processing phase of DTC's custody service) and 37314 (June 14, 1996) 61 FR 31989 [File No. SR-DTC-96-08] (order approving proposed rule change establishing DTC's custody service).

⁴ For example, DTC has advised the Commission that one participant has requested that DTC develop a certain imaging functionality in connection with that participant's use of the custody service. However, that specific service would not be used by other participants that utilize the custody service.

⁵ DTC has advised the Commission that it will charge fees for customization of custody service based on a consistently applied methodology

⁶ 15 U.S.C. 78q-1(b)(3)(A).

(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, 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 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 DTC. All submissions should refer to File No. SR-DTC-97-09 and should be submitted by October 10, 1997.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39075; File No. SR-DTC-97-13]

Self-Regulatory Organizations; the Depository Trust Company; Notice of Filing of Proposed Rule Change Regarding the Branch Deposit Service

September 12, 1997.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ notice is hereby given that on June 30, 1997, 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

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

¹ 15 U.S.C. 78s(b)(1).

² The Commission has modified the text of the summaries prepared by DTC.

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 enter into contracts with individual participants to provide customized processing services under DTC's branch deposit service ("BDS").

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.²

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

BDS currently allows DTC participants to route securities certificates and related documentation from their branches and other satellite offices directly to DTC rather than to the participants' own central locations for processing before being deposited at DTC.³ DTC has advised the Commission that some participants have requested customization of BDS in order to suit their individual needs.⁴ The purpose of the proposed rule change is to permit DTC to enter into contracts with individual participants to provide such customized processing services under BDS. Under the proposed rule change, however, DTC would not be obligated to enter into any such contracts with participants or to offer the same terms under any such contracts to all participants.⁵

DTC believes that the proposed rule change is consistent with the requirements of section 17A(b)(3)(A) of

the Act⁶ and the rules and regulations thereunder because it promotes efficiencies in the clearance and settlement of securities transactions.

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

DTC believes that no burden will be placed on competition as a result of the proposed rule change.

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

Comments were neither solicited nor received.

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. 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 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 DTC. All submissions should refer to File No. SR-DTC-97-13 and should be submitted by October 10, 1997.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39066; File No. SR-GSCC-97-05]

Self-Regulatory Organizations; Government Securities Clearing Corporation; Notice of Filing of a Proposed Rule Change To Modify Rules Relating to the Loss Allocation Process

September 12, 1997.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on July 8, 1997, the Government Securities Clearing Corporation ("GSCC") filed with the Securities and Exchange Commission ("Commission") and on July 23, 1997, amended the proposed rule change (File No. SR-GSCC-97-05) as described in Items I, II, and III below, which items have been prepared primarily by GSCC. 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 purpose of the proposed rule change is to modify GSCC rules relating to its loss allocation process.

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

In its filing with the Commission, GSCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments that it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. GSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² The Commission has modified the text of the summaries submitted by GSCC.

² The Commission has modified the text of the summaries prepared by DTC.

³ For a complete description of BDS, refer to Securities Exchange Act Release No. 34600 (August 25, 1994), 59 FR 45317 [File No. SR-DTC-94-05] (order approving proposed rule change).

⁴ For example, DTC has advised the Commission that one participant has requested that DTC develop a certain imaging functionality for BDS. That specific service, however, would not be used by other participants that utilize BDS.

⁵ DTC has advised the Commission that it will charge fees for customization of BDS based on a consistently applied methodology.

⁶ 15 U.S.C. 78q-1(b)(3)(A).