

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning Amendment No. 1, including whether it 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, DC 20549. Copies of the submissions, 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 at the Commission's Public Reference Room, 450 Fifth Street, N.W., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the CBOE. All submissions should refer to File No. SR-CBOE-97-41, and should be submitted by July 21, 1998.

V. Conclusion

It is Therefore Ordered, pursuant to Section 19(b)(2) of the Act,¹⁰ that the proposed rule change (SR-CBOE-97-41) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-17294 Filed 6-29-98; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40121; File Nos. SR-DTC-98-12, SR-PTC-98-02]

Self-Regulatory Organizations; The Depository Trust Company; Participants Trust Company; Notice of a Proposed Rule Change Relating to a Proposed Merger Between The Depository Trust Company and Participants Trust Company

June 24, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on May 29, 1998, The Depository Trust Company ("DTC") filed with the

Securities and Exchange Commission ("Commission") and on June 2, 1998, Participants Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") and on June 2, 1998, Participants Trust Company ("PTC") filed with the Commission proposed rule changes as described in Items I, II, and III below, which items have been prepared primarily by DTC and PTC. The Commission is publishing this notice to solicit comments from interested persons on the proposed rule changes.

I. Self-Regulatory Organizations' Statement of the Terms of Substance of the Proposed Rule Changes

The proposed rule changes relate to the arrangements for a proposed merger between DTC and PTC.

II. Self-Regulatory Organizations' Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Changes

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

(A) Self-Regulatory Organizations' Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Changes

In March 1998, PTC announced that it had decided to seek an affiliation with DTC. The arrangements for the proposed merger provide the following. PTC will merge with and into DTC, and DTC will make certain payments to PTC's shareholders. For at least two years from the effective date of the merger, DTC will provide the services currently offered by PTC in a separate division of DTC ("Division"). The current rules and procedures of PTC with respect to depository services, the processing of transactions in PTC-eligible securities, and the PTC participants fund will be incorporated into the rules and procedures of DTC and will be applied to the business of the Division.³ In

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

³ DTC and PTC have informed the Commission that the changes to DTC's rules and procedures to provide for the Division and to accommodate the application of PTC's current rules and procedures to Division business will be the subject of a future rule filing with the Commission.

addition, DTC will offer PTC participants that are not DTC participants an opportunity to become participants of the Division.

Under the proposed rule changes, PTC's users, most of which are also DTC participants, will continue to have access to the depository services offered by PTC. DTC and PTC believe that the proposed merger should assist in eliminating redundant facilities and thereby should reduce the costs of processing transactions in mortgage-backed securities that are currently PTC-eligible.

DTC and PTC believe that the proposed rule changes are consistent with the requirements of Section 17A of the Act⁴ and the rules and regulations thereunder because the arrangements for the proposed merger should assure that continued availability to PTC users of efficient and cost-effective depository services and thereby should facilitate the prompt and accurate clearance and settlement of transactions in PTC-eligible securities. In addition, the proposed arrangements should provide PTC participants with access to DTC's facilities and should be implemented consistent with DTC's obligations to safeguard securities and funds in its custody and control or for which it is responsible.

(B) Self-Regulatory Organizations' Statement on Burden on Competition

DTC and PTC believe that the proposed arrangements will impose no burden on competition. Securities depositories registered under Section 17A of the Act⁵ are utilities created to serve members of the securities industry for the purpose of providing certain services that are ancillary to the businesses in which industry members compete with one another. Operating a securities depository requires a substantial and continuing investment in infrastructure including securities vaults, telecommunications links with users, data centers, and disaster recovery facilities in order to meet the increasing needs of participants and to respond to regulatory requirements.

DTC and PTC believe that the current regulatory scheme and the particular structure and nature of the depository industry provide ample means to insure that the merger of PTC with and into DTC will achieve regulatory objectives. Sections 17A and 19 of the Act⁶ and the rules thereunder provide the Commission appropriate and effective regulatory authority over DTC. DTC is

¹⁰ 15 U.S.C. 78s(b)(2).

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

⁴ 15 U.S.C. 78q-1.

⁵ 15 U.S.C. 78q-1.

⁶ 15 U.S.C. 78q-1 and 78s.

owned by its members who utilize its services, and its Board of Directors is comprised of its members. DTC must assure a fair representation of its member in the selection of its directors and administrators. DTC's service fees are reviewed by its board and subject to public notice and comment.

After the consummation of the proposed arrangements, securities industry members will continue to have access to high quality, low cost depository and clearing services provided under the mandate of the Act. The overall cost to the industry of having such services available will be reduced and thereby should permit a more efficient and productive allocation of industry resources. Accordingly, DTC and PTC believe that the proposed transaction advances the objectives of the national clearance and settlement system without an inappropriate or unnecessary burden upon competition.

(C) Self-Regulatory Organizations' Statement on Comments on the Proposed Rule Changes Received from Members, Participation or Others

Written comments on the proposal from DTC participants, PTC participants, or others have not been solicited or received. However, the proposed arrangements have been reviewed and approved by PTC's Board of Directors, which is comprised of representatives of the banks and broker-dealers that are PTC's stockholders and participants. In addition, DTC believes that the proposed arrangements are consistent with recommendations made by the Vision 2000 Committee ("Committee"), a committee of industry representatives of the Boards of DTC and the National Securities Clearing Corporation. The Committee's report dated September 1994 states that:

The industry currently owns a number of utilities that provide services related to the comparison, clearing, settlement and safekeeping of U.S. (and to a lesser degree, international) securities. These utilities overlap in two ways. * * * We believe that the industry's and, as important, the investors', overall costs can be reduced and safety and soundness can be enhanced by eliminating these overlaps where there is no clear advantage to having specialization or competing development.⁷

III. Date of Effectiveness of the Proposed Rule Changes 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 or PTC consents, the Commission will:

(A) By order approve such proposed rule changes or

(B) Institute proceedings to determine whether the proposed rules changes 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 changes are 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 changes that are filed with the Commission, and all written communications relating to the proposed rule changes 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 offices of DTC and PTC. All submissions should refer to File Nos. SR-DTC-98-12 and SR-PTC-98-02 and should be submitted by July 21, 1998.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁸

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-17384 Filed 6-29-98; 8:45 am]

BILLING CODE 8010-01-M

**OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE**

**Restoration of Preferential Tariff
Treatment Under the Generalized
System of Preferences for Certain
Articles From Thailand**

AGENCY: Office of the United States Trade Representative.

ACTION: Notice.

SUMMARY: Preferential tariff treatment under the generalized System of Preferences (GSP) is restored to four articles from Thailand, effective with respect to articles entered, or withdrawn from warehouse, on or after the 15th day after the date of publication of this notice.

FOR FURTHER INFORMATION CONTACT:

Sean Murphy, Director for ASEAN Affairs, Office of the U.S. Trade Representative, (202) 395-6813.

SUPPLEMENTARY INFORMATION: Pursuant to section 503(c)(2) of the Trade Act of 1974, as amended, 19 U.S.C. 2463(c)(2)), beneficiary developing countries are subject to competitive need limitations on the preferential tariff treatment afforded under the GSP. Proclamation 6813 of July 28, 1995 (60 FR 39095), in relevant part, proclaimed the waiver of competitive need limitations and the restoration of GSP preferential tariff treatment with respect to four articles from Thailand, with an effective date to be announced by the United States Trade Representative by publication of a notice in the **Federal Register**. These four articles are in Harmonized Tariff Schedule of the United States ("HTS") subheadings 6702.90.65 (certain artificial flowers, foliage, fruit and parts thereof); 7113.11.20 (certain articles of silver jewelry and parts thereof, valued at not over \$18 per dozen); 7113.19.50 (certain other articles of jewelry and parts thereof); and 9403.60.80 (certain wooden furniture).

Pursuant to authority vested in the United States Trade Representative by the laws of the United States, including but not limited to sections 503 and 604 of the Trade Act and Proclamation 6813 of July 28, 1995, and in order to restore GSP preferential tariff treatment to articles from Thailand in HTS subheadings 6702.90.65, 7113.11.20, 7113.19.50, and 9403.60.80, the HTS is modified as specified in the Annex to this notice, effective with respect to articles entered, or withdrawn from warehouse, on or after the 15th day after publication of this notice.

Susan Esserman,

Acting United States Trade Representative.

Annex

Section A. General note 4(d) to the Harmonized Tariff Schedule of the United States ("HTS") is modified by:

(1) Deleting "6702.90.65 Thailand" and "7113.11.20 Thailand"; and

(2) Deleting "Thailand" set out opposite subheading 7113.19.50 and opposite subheading 9403.60.80.

Section B. For HTS subheadings 6702.90.65 and 7113.11.20, the Rates of Duty 1-Special subcolumn is modified by deleting

⁷ The Committee's report is attached as Exhibit 2 to DTC's filing, which is available for review and inspection in the Commission's public reference room and through DTC.

⁸ 17 CFR 200.30-3(a)(12).