

settlement if a participant fails to settle its net debit obligation.

DTC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act<sup>5</sup> and the rules and regulations thereunder because it assures the safeguarding of securities and funds which are in its custody or control.

*(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 not necessary or appropriate in furtherance of the purpose of the Act.

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

Written comments on the proposal from DTC participants or others have not been solicited or received. The staff of the Commission recommended that DTC establish a practice of collecting the difference between a participant's required fund deposit and actual fund deposit more often than monthly.

**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-98-13 and should be submitted by November 18, 1998.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>6</sup>

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

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-40589; File No. SR-DTC-98-17]

**Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Enhancements of Its Memo Segregation Procedures**

October 22, 1998.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 ("Act"), notice is hereby given that on August 21, 1998, 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 adds three options to DTC's Memo Segregation ("Memo Seg") procedures.

**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*

This proposed rule change is adding three Memo Seg options made possible by the modification. The three memo seg options being added are: (1) an instruction to increase the instructing participant's Free position and Memo Seg position upon the receipt of deliver orders (free or valued) with certain reclaim reason codes; (2) an instruction to increase the instructing participant's Free position and Memo Seg position upon the receipt of certain continuous net settlement system account allocations; and (3) an instruction to turn around all positions received from deliver orders except for certain positions. These enhancements will be made available to participants starting August 24, 1998.

DTC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act<sup>3</sup> and the rules and regulations thereunder because it provided for the safeguarding of securities and funds in DTC's custody or control or for which it is responsible.

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

DTC perceives no impact on competition by reason of the proposed rule change.

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

DTC informed participants of the proposed rule change in Important Notices dated May 5, 1998, and August 12, 1998. Written comments from DTC participants or others have not been solicited or received on the proposed rule change.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)<sup>4</sup> of the Act and pursuant

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

<sup>3</sup> 15 U.S.C. 78q-1.

<sup>4</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>5</sup> 15 U.S.C. 78q-1.

<sup>6</sup> 17 CFR 200.30-3(a)(13).

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

to Rule 19b-4(e)(4)<sup>5</sup> promulgated thereunder because the proposal effects a change in an existing service of a registered clearing agency that: does not adversely affect the safeguarding of securities or funds in the custody or control of the clearing agency or for which it is responsible; and does not significantly affect the respective rights or obligations of DTC or persons using the service. At any time within sixty days of the filing of such rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

#### 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-98-17 and should be submitted by November 18, 1998.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>6</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 40592; File No. SR-NASD-98-77]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to Central Registration Depository Fees

October 22, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on October 16, 1998, the National Association of Securities Dealer, Inc. ("NASD" or "Association") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the NASD. 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 NASD is proposing to amend Schedule A of the NASD By-Laws revise the fees imposed for filings made with the Central Registration Depository ("CRD"). The text of the proposed rule change is as follows (addition are italicized; deletions are [bracketed]):

#### Schedule A to the NASD By-Laws

Assessments and fees pursuant to the provisions of Article VI of the By-Laws of the [Corporation] NASD[,] shall be determined on the following basis:

\* \* \* \* \*

#### Section 2—Fees

(a) No change.

(b) [Each member shall be assessed a fee of \$85.00 for each application filed with the Association for registration of a registered representative or registered principal. Additionally, each member shall be assessed a surcharge of \$95.00 for registrations involving a special registration review filed with the Association.]

*The NASD shall assess each member a fee of:*

(1) \$85.00 for each initial Form U-4 filed by the member with the NASD for the registration of a representative or principal, except that [The] *the* following *discounts* shall apply to the filing of [applications] *Forms U-4 to [re-*

register or] transfer the registration of [registered persons] *representatives* or [registered] principals in connection with acquisition of all or a part of a member's business by another member:

Number of registered personnel transferred	Discount Percent
1,000–1,999 .....	10
2,000–2,999 .....	20
3,000–3,999 .....	30
4,000–4,999 .....	40
5,000 and over .....	50

(2) \$40.00 for each initial Form U-5 filed by the member with the NASD for the termination of a registered representative or registered principal, plus a late filing fee of \$80.00 if the member fails to file the initial form U-5 within 30 days after the date of termination:

(3) \$20.00 for each amended Form U-4 or Form U-5 filed by the member with the NASD:

(4) \$95.00 for the additional processing of each initial or amended Form U-4 or Form U-5 that includes the initial reporting, amendment, or certification of one or more disclosure events or proceedings:

(5) \$10.00 for each fingerprint card submitted by the member to the NASD, plus any other charge that may be imposed by the United States Department of Justice for processing such fingerprint card: and

(6) \$15.00 annually for each of the member's registered representatives and principals to renew the registration for the following year.

(c)–(g) No change.

(h)(i) Each member shall be assessed a fee of \$40.00 for each notice of termination of a registered representative or registered principal filed with the Corporation as required by Section 3 of Article IV of the By-Laws.

(ii) A late filing fee of \$65.00 shall be assessed a member who fails to file with the Corporation written notice of termination of a registered representative or registered principal within thirty (30) calendar days of such termination.

(II) In the event a member believes it should not be required to pay the late filing fee, it shall be entitled to a hearing in accordance with the procedures set forth in the Rule 9640 Series.

(i)–(k) No change.

#### Section 3—Elimination of Duplicate Assessments and Fees

Two or more members under substantially the same ownership or control shall be required to pay only one personnel assessment *and one*

<sup>5</sup> 17 CFR 240.19b-4(e)(4).

<sup>6</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 17 CFR 240.19b-4.