For the SEC by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–6323 Filed 3–15–96; 8:45 am]

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[Release No. 34–36957; File No. 4–388]

Symposium on Intangible Assets

AGENCY: Securities and Exchange Commission.

ACTION: Notice of symposium participants.

SUMMARY: In Release No. 34–36892 (61 FR 8313 March 4, 1996) the Securities and Exchange Commission (''Commission'') announced that it would hold a symposium on issues related to the financial accounting and reporting of intangible assets. In connection with that announcement, the Commission is publishing notice of the participants in the symposium.

DATES: The symposium will be held on Thursday, April 11, 1996 from 1:00 p.m. to 5:30 p.m., and on Friday, April 12, 1996 from 9:00 a.m. to 4:30 p.m.

ADDRESSES: The symposium will take place in Room 1C–30 at the Securities and Exchange Commission, 450 Fifth Street NW., Washington, D.C. 20549.

FOR FURTHER INFORMATION CONTACT: The symposium is open to the public. Members of the public planning to attend the symposium are encouraged to contact Terry Warfield at (202) 942–4400 or Andre Owens at (202) 942–0800.

I. Introduction

The symposium will consist of various panels that will address such topics as the nature and types of intangible assets, including intellectual property, human capital, research and development, software and related items. Discussion at the symposium also will center upon the types of companies that utilize intangible assets, the importance of disclosure relating to these assets from the perspective of investors and other users of financial reporting, and the sources of information relating to intangible assets. Invited panelists also will discuss issues related to the measurement of intangible assets by preparers of financial reports, concerns about disclosures related to intangible assets, academic research pertaining to such assets, and the experience of U.S. and foreign standards setters with regard to accounting and disclosure of intangible assets. The symposium will conclude with a general discussion of issues raised by the various panels and measures that might be taken to address these issues.

II. Participants in Symposium

The participants in the symposium and the schedule for the panel discussions are:

Thursday, April 11, 1996

Plenary Speaker (1:15 p.m.–2:15 p.m.)
- [To be announced]

User Panel (2:15 p.m.–3:45 p.m.)
- *Moderator:* Patricia McQueen, Association for Investment Management and Research
- Lewis Alexander—Chief Economist, U.S. Department of Commerce
- John Bajkowski—Financial Analyst, American Association of Individual Investors
- J. J. Jelincic—Investment Officer, CALPERS
- James F. Morgan—Partner, OneLiberty Ventures (National Venture Capital Association)
- I. Rossa O'Reilly, CFA—Vice Chair, Wood Gundy, Inc.
- Gerald White, CFA—Grace & White, Inc.

Preparer Panel (4:00 p.m.–5:30 p.m.)
- *Moderator:* Jonathan Low, Deputy Assistant Secretary for Work and Technology Policy—U.S. Department of Labor.
- Michael Brown—Chief Financial Officer, Microsoft Corporation
- Leif Edvinsson—Vice President and Director of Intellectual Capital, Skandia AFS
- Gordon Petrash—Global Director of Intellectual Assets & Capital, The Dow Chemical Company
- Jonathan Southern—Director of Accounting, Grand Metropolitan Plc.

Friday, April 12, 1996

Accounting and Reporting Research Panel (9:00 a.m.–10:30 a.m.)
- *Moderator:* Professor John Elliott, Associate Dean, Johnson School of Management, Cornell University
- Professor Paul Healy—Sloan School of Business, Massachusetts Institute of Technology
- Professor David Larcker—Wharton School of Business, University of Pennsylvania
- Professor Baruch Lev—Stern School of Business, New York University

Standard-Setting Panel (10:30 a.m.–12:00 p.m.)
- *Moderator:* Michael H. Sutton, Chief Accountant—U.S. Securities and Exchange Commission
- Dennis R. Beresford—Chairman, Financial Accounting Standards Board
- Michael Crooch—AICPA Accounting Standards Committee
- James Salomon—Chief Accountant, Ontario Securities Commission

''Where from Here'' Panel (2:00 p.m.–4:30 p.m.)
- *Moderator:* Steven M. H. Wallman, Commissioner—U.S. Securities and Exchange Commission
- Dennis R. Beresford—Chairman, Financial Accounting Standards Board
- Michael Brown—Chief Financial Officer, Microsoft Corporation
- Leif Edvinsson—Vice President and Director of Intellectual Capital, Skandia AFS
- Dr. George N. Hatsopoulos—Chairman & President, Thermo Electron Corporation
- Professor Baruch Lev—Stern School of Business, New York University
- Gerald White, CFA—Grace & White, Inc.
- Michael H. Sutton—Chief Accountant, U.S. Securities and Exchange Commission.

Dated: March 12, 1996.

Jonathan G. Katz,

Secretary.

[FR Doc. 96–6319 Filed 3–15–96; 8:45 am]

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[Release No. 34–36955; File No. SR–ASD–95–59]

Self-Regulatory Organizations; Order Approving Proposed Rule Change by National Association of Securities Dealers, Inc. To Amend Section 65 of the Uniform Practice Code To Require Members Who Are Participants in a Registered Clearing Agency To Use the Electronic Facilities of Such Agency To Transmit Customer Account Transfer Instructions

March 11, 1996.

On December 16, 1995,[1] the National Association of Securities Dealers, Inc. (''NASD'' or ''Association'') filed a proposed rule change with the Securities and Exchange Commission (''SEC'' or ''Commission'') pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[2] and Rule 19b–4 thereunder.[3] The rule change amends Section 65 of the Uniform

[1] On March 11, 1996, the NASD filed Amendment No. 1 with the Commission. Amendment No. 1 was technical in nature and does not require republication of notice and filing. The text of Amendment No. 1 may be examined in the Commission's Public Reference Room. *See* Letter from Elliott R. Curzon, Assistant General Counsel, NASD, to Mark P. Barracca, Branch Chief, Division of Market Regulation, Commission, dated March 11, 1996.

[2] 15 U.S.C. 78s(b)(1).

[3] 17 CFR 240.19b–4.

Practice Code (''UPC'')[4] to require members who are participants in a registered clearing agency to use the electronic facilities of such agency to transmit customer account transfer instructions.

Notice of the proposed rule change, together with the substance of the proposal, was provided by issuance of a Commission release (Securities Exchange Act Release No. 36638, December 26, 1995) and by publication in the Federal Register (61 FR 206, January 3, 1996). No comment letters were received. This order approves the proposed rule change.

Section 65 of the UPC requires a customer who wishes to transfer an account from one member to another to give written notice (a Transfer Instruction Form or ''TIF'') to the member who will be receiving the account (''receiving member''). The notice is then delivered to the member carrying the account (''carrying member'') and the carrying member is ten obligated to validate and return the TIF, or take exception to all or part of it. The account is then transferred to the receiving member, subject to the exceptions.

Subsection 65(m) of the UPC requires members to use the automated systems of a registered clearing agency, when available, to accomplish account transfers when both the receiving member and carrying member are participants in the clearing agency. The use of such automated systems avoids the delay and risk associated with physical delivery and transfer of securities.

The National Securities Clearing Corporation's (''NSCC'') Automated Customer Account Transfer Service (''ACATS'') currently is the only automated transfer system and is the system through which virtually all customer accounts are transferred between members. Until recently, however, it was standard industry practice to delvier physically (or by facsimile) a customer-signed TIF to the carrying member, even though member firms use ACATS to accomplish electronic transfers of the customer accounts.

In early 1993, NSCC implementated a voluntary TIF Immobilization Program (''Program'') to permit transfer instructions to be transmitted electronically through ACATS. The goal of the Program is to automate the entire customer account transfer process and immobilize the TIF at the receiving firm.[5] To participate in the Program current participants require new participants to execute a uniform ''Pilot Program Agreement'' (''Agreement'') that specifies the rights, obligations and liabilities of the participants.[6] The most significiant aspect of the Agreement is that it shifts liabiity for improper transfers to the receiving firm, provided the carrying firm transfers the account according to the instructions it receives through ACATS.[7]

The NASD stated in its filing that some investors and others believe that account transfers are unreasonably delayed for reasons that are not related to difficulties in account transfer procedures. The NASD further stated that it believes that any unreasonable delay in transferring customer accounts is unacceptable and detrimental to the interests of investors. The rule change approved today is intended to reduce or eliminate any delays associated with customer account transfers by mandating participation in the Program.

The amendment to Section 65 of the UPC approved today will require members to transmit account transfer instructions electronically through automated systems when both the carrying and receiving firms are participants in a registered clearing agency that has such automated facilities. The effect of this rule change is to require members who are NSCC participants to participate in the Program and to use ACATS to transmit customer account transfer instructions.

The rule change approved today also will require members participating in the Program to execute an agreement designated by the NASD's Operations Committee specifying the rights, obligations and liabilities of all participants in or users of ACATS in transmitting customer account transfer instructions. The NASD stated in its filing that it intends to designate the Agreement in order to: (i) maintain continuity of rights, obligations and liabilities among current and future participants; and (ii) ensure that the NASD's Operations Committee will be able to review and approve any changes to the Agreement that may be proposed by participants or others in the future.

The rule change also will require that customer account transfer instructions be transmitted in accordance with the procedures prescribed by the registered clearing agency. NSCC's rules currently prescribe procedures for transmitting customer account transfer instruction.[8]

The rule change also provides that the transmittal of a transfer instruction constitutes a representation that the receiving member has received a properly executed TIF or other actual authority to receive the customer's account. Although it is similar to a provision in the Agreement, the NASD stated in its filing that it intends this provision to perform a regulatory function in that a member transmitting account transfer instructions through ACATS without first obtaining a properly executed TIF or other actual authority from the customer may be subject to disciplinary sanctions for misrepresenting its authority to receive the customer account. The NSAD also stated that such a misrepresentation may constitute a violation of Article III, Section 1 of the Rules of Fair Practice.[9]

Finally, the rule change provides that transfer instructions transmitted through an electronic facility shall contain the information necessary for the clearing agency and the carrying member to respond to the transfer instruction as may be specified by Section 65 of the UPC and the clearing agency. This provision means that members transmitting transfer instructions must comply with Section 65 and with the requirements of NSCC's rules[10] and that generating a valid

[4] *NASD Manual*, Uniform Practice Code, Section 65 (CCH) ¶ 3565.

[5] The Program has grown to 27 broker-dealers representing 85% of the accounts transferred.

[6] NSCC administers the Program by providing application material to prospective participants. The application material includes the Agreement.

[7] For transfers occurring outside the Program a carrying firm is liable, in general, if it improperly transfers an account, or securities in an account. Such an improper transfer could occur, for example, if the carrying firm transferred the wrong account or if an IRA account was transferred in a manner that subjected the account owner to unintended tax liability. Finally, it could occur if the receiving firm, or a former employee who had moved to the receiving firm, submitted a transfer instruction that had not been authorized by the customer. In such cases, if the carrying firm did not verify the transfer instruction with the customer, the carrying firm would be primarily liable for the improper transfer even if it could sue the receiving firm for transmitting an unauthorized or incomplete transfer instruction.

[8] *See* NSCC Rule 50.

[9] *NASD Manual*, Rules of Fair Practice, Art. III, Sec. 1 (CCH) ¶ 2151.

[10] NSCC's rules permit it to specify the information required for a customer account transfer instruction. Neither the NSCC's rules nor UPC Section 65 specify the information that constitutes a valid transfer instruction. However, NSCC currently uses two forms, one for cash/margin accounts and the other for tax exempt/retirement accounts. In addition, UPC Section 65 sets forth several bases for carrying members to take exception to account transfer instructions, some of which relate to incomplete or missing information about the account or securities in the account. For automated transmittals of account transfer instructions, NSCC requires the same information to be entered into ACATS by the receiving firm as is required on TIFs. In addition, NSCC reviews transfer instructions received through ACATS and may require the receiving firm to provide any other information it deems necessary to accomplish an account transfer.

transfer instruction involves providing the information that NSCC considers necessary to accomplish the account transfer.

The Commission finds that the rule change is consistent with Section 15A(b)(6) of the Act because the rule change will reduce the delays associated with the physical transmission of TIFs by requiring members to transmit account transfer instructions electronically through automated systems when both the carrying and receiving firms are participants in a registered clearing agency that has such automated facilities. This change will promote the protection of investors and the public interest and enhance the clearance and settlement system.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change SR–NASD–95–59 be, and hereby is, approved, effective July 1, 1996.

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.

[FR Doc. 96–6322 Filed 3–15–96; 8:45 am]

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[Release No. 34–36952; File No. SR–PSE–96–03]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Pacific Stock Exchange Incorporated Relating to its Options Lead Market Maker Program

March 11, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'').[1] notice is hereby given that on January 16, 1996, the Pacific Stock Exchange Incorporated (''PSE'' or ''Exchange'') 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 by the self-regulatory organization. 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 Pacific Stock Exchange Incorporated (''PSE'' or ''Exchange'') proposes to amend its rules governing the Options Lead Market Maker (''LMM'') Program.

[1] 15 U.S.C. 78s(b)(1) (1988).

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

In its filing with the Commission, the self-regulatory organization 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. The self-regulatory organization has prepared summaries, set forth in Sections (A), (B), and (C) below, of the most significant aspects of such statements.

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

PSE Rule 6.82 (''LMM Rule'') sets forth the basic rules and procedures applicable to LMMs and the LMM Program.[2] The Exchange proposes to modify Rule 6.82 by adding several new substantive provisions and by restructuring the rule and clarifying some of its existing provisions. The purpose of the proposal is to enhance the LMM program and to clarify and streamline the LMM Rule. The proposed changes include, more specifically, the following:

1. Current PSE Rule 6.82(c)(6) provides that LMMs are guaranteed 50% participation in transactions occurring at their disseminated bids and/or offers in their allocated issues. The Exchange proposes to modify this provision to give the Options Allocation Committee (''OAC'') discretion to reduce such guaranteed participation from 50% to 40% for mulitply-traded issues, and from 50% to 25% for exclusively-traded issues, where the average daily trading volume in an issue reaches 3,000 contracts at the Exchange for three consecutive months. *See* proposed Rule 6.82(d)(2)(A)–(B).

2. Current PSE Rule 6.82(b)(4) sets forth several circumstances (*e.g.*, unsatisfactory LMM performance, or material changes in LMM's financial or operational condition) under which the OAC may reallocate an issue to a new or existing LMM. The Exchange proposes to add two new circumstances under which the OAC may reallocate an issue: (a) if the Exchange's share of the total multi-exchange customer trading volume in a dually-traded issue drops from above 70% to below 70%; or (b) if the Exchange's share of the total multi-exchange customer trading volume in an issue that is traded by three or more options exchanges drops from above 45% to below 45%. *See* proposed Rule 6.82(f)(1)(D)–(E). The Exchange also proposes to provide the OAC with the discretion to reallocate such an issue either to an interim LMM or to a market maker trading crowd in any situation in which reallocation is authorized by Rule 6.82. *See* proposed Rule 6.82(b)(4).

3. Under the proposal, if an issue is reallocated from an LMM to a market maker trading crowd, the market quality and service provided by the crowd must equal or better that previously provided or guaranteed by the LMM. Otherwise, the OAC may determine that the issue revert to the LMM system. *See* proposed Rule 6.82(f)(3).

4. The proposal would allow the OAC to designate a cooperative of market makers to act as an LMM in an issue provided that they maintain collectively a cash or liquid asset position in the amount required by LMM's, set forth in current Rule 6.82(c)(8). This provision further states that violations of the Exchange Constitution and Rules committed by a market maker cooperative that is not registered as a broker-dealer may render each market maker thereof personally liable for disciplinary sanctions for such violations. *See* proposed Rule 6.82(a)(3).

5. The Exchange proposes that in the absence of extraordinary circumstances, as determined by the OAC, no LMM may be located more than 10% of the number of option issues traded on the Options Floor. *See* proposed rule 6.82(e)(3).

6. The Exchange proposes to replace references to the LMM Appointment Committee in the current rule with references to either the Options Allocation Committee or the Options Appointments Committee. *See passim*.

7. The proposal specifies that each LMM must designate an approved LMM to act as a substitute LMM (in case the designated LM is unable to perform its duties), and notify Book Staff of such designation. *See* proposed rule 6.82(c)(5).

8. Rule 6.82(b)(8) currently provides that if an issue is reallocated pursuant to Subsection (b)(7), the LMM shall receive an award of compensation based upon time of and performance during LMM service, capital commitment and, trading volume in the subject option issue. The Exchange proposes to change

[2] The LMM Rule was adopted in January 1990 as a pilot program. *See* Exchange Act Release No. 27631 (January 17, 1990), 55 FR 2462. The pilot program recently was extended to September 30, 1996. *See* Exchange Act Release No. 36293 (September 28, 1995), 60 FR 52242. The Exchange intends to seek permanent approval of the LMM Program before the expiration of the latest pilot extension.