

## Additional Information or Comments

To request more information or to obtain a copy of the information collection justification, forms, and/or supporting material, please call the RRB Clearance Officer at (312) 751-3363. Comments regarding the information collection should be addressed to Ronald J. Hodapp, Railroad Retirement Board, 844 N. Rush Street, Chicago, Illinois 60611-2092. Written comments should be received within 60 days of this notice.

Chuck Mierzwa,  
Clearance Officer.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-36685; File No. SR-DTC-95-23]

### Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Proposed Rule Change Seeking to Implement the Matching Feature in the Institutional Delivery System

January 5, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,<sup>1</sup> notice is hereby given that on November 8, 1995, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No SR-DTC-95-23) 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 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 proposed rule change seeks to implement the matching feature in DTC's Institutional Delivery ("ID") system.

#### 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

The Commission previously approved a proposed rule change filed by DTC generally describing several enhancements to the ID system, including the matching feature which is the subject of this proposed rule change, that it planned to implement.<sup>3</sup> This proposed rule change seeks to implement the matching feature.

The matching feature is an alternative to the current procedures for confirmation and affirmation processing in the ID system. If a broker-dealer and an institution elect to use the matching feature, the ID system will interactively match trade data received from the broker-dealer with institution instructions received from the institution. If the trade data and institution instructions match and if the institution also is the affirming party, the ID system will produce a matched affirmed confirmation. At this point, the broker-dealer and institution will not have to take any other action for the trade to settle other than action that normally would have to be taken if the standard confirm/affirm procedures were followed. If the trade data and institution instructions match but the institution does not have affirming authority, the ID system will produce a matched confirmation requiring affirmation by the designated affirming party. In the ID system, the affirming party may be an institution, an agent, or an interested party.

Throughout the day, broker-dealers and institutions will be able to use the ID system's inquiry capabilities to view any unmatched items. At the end of the day, an Unmatched Report will be generated for each broker-dealer and institution. This report will list all broker-dealer trade input and institution instructions that were not matched by end of day. Unmatched trades appearing on this report will be carried over from day to day unless the broker-dealer cancels its instruction or the institution affirms the trade.

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

and (F)<sup>4</sup> of the Act because the proposed rule change will promote efficiencies in the clearance and settlement of securities transactions. DTC believes the proposed rule change will be implemented consistently with the safeguarding of securities and funds in DTC's custody or control or for which it is responsible because the proposed rule change will be implemented as enhancements to DTC's existing ID system.

#### (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

The proposed rule change has been developed through widespread consultations with securities industry members, as described in DTC's earlier filing describing the ID system enhancements.<sup>5</sup> 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

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 the self-regulatory organization 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, 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

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

<sup>3</sup> Securities Exchange Act Release No. 33466 (January 12, 1994), 59 FR 3139 [File No. SR-DTC-93-07] (order approving proposed rule change relating to the enhanced ID system).

<sup>4</sup> 15 U.S.C. 78q-1(b)(3) (A) and (F) (1988).

<sup>5</sup> *Supra* note 3.

<sup>1</sup> 15 U.S.C. 78s(b)(1) (1988).

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 NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of DTC. All submissions should refer to File No. SR-DTC-95-23 and should be submitted by February 9, 1996.

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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[Release No. 34-36697; File No. SR-NSCC-95-16]

**Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Regarding an Agreement Between the National Securities Clearing Corporation ("NSCC") and the New York Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Concerning the Provision of Financial and Operation Information With Respect to NSCC Members and Correspondent Broker-Dealers of Such Members**

January 11, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on December 11, 1995, the National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which items have been prepared primarily by NSCC. The Commission is publishing this notice and order to solicit comments from interested persons and to grant accelerated approval of the proposed rule change.

**I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change**

The proposed rule change relates to agreements between NSCC and the

National Association of Securities Dealers, Inc. ("NASD") and between NSCC and the New York Stock Exchange, Inc. ("NYSE") concerning the provision of financial and operational information to NSCC with respect to its members and its members' correspondent broker-dealers.

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

In its filing with the Commission, NSCC 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. NSCC 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**

NSCC has entered into agreements ("Agreements") with the NASD and with the NYSE pursuant to which the NASD and the NYSE are to provide certain information directly to NSCC.<sup>3</sup> The information to be provided will include, without limitation, financial, trading, and operational information relating to NSCC members and correspondent broker-dealers of such members. Under its rules, NSCC is entitled to obtain such information directly from its members.

The Agreements are based on NSCC's existing Rule 2 and Rule 15. NSCC Rule 2, Section 2(f) provides that each applicant seeking to become a member of NSCC shall agree in writing that its books and records shall at all times be open to inspection by the duly authorized representatives of NSCC and that NSCC shall be furnished with all such information with respect to its business and transactions as NSCC may require. Rule 15, Section 2 provides that NSCC shall have the authority to examine the financial responsibility and operational capability of any settling member. Rule 15, Section 2 further provides that in conducting such examinations NSCC may require a settling member to furnish such information, to make its books and records available, and to demonstrate the financial responsibility and

operational capability of the settling member. Rule 15 also provides that NSCC may require adequate assurances of the financial responsibility or operational capability of a settling member.

The information contemplated by NSCC Rules 2 and 15 includes information relating to correspondent broker-dealers that clear through settling members. Under these rules, NSCC also may require a settling member to obtain information on its correspondent broker-dealers and provide it to NSCC. NSCC has routinely asked for and received such information from its settling members. By having the NASD and the NYSE directly provide NSCC with information regarding its members and their correspondent broker-dealers that NSCC is entitled to obtain from its settling members under NSCC Rules 2 and 15, the Agreements will permit a more rapid integration of such information into NSCC's risk management system and will alleviate the administrative burdens on its members of providing this information.

NSCC believes the proposed rule change is consistent with Section 17A of the Act and the rules and regulations thereunder because it is intended to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions and to assure the safeguarding of securities and funds which are in the custody or control of NSCC or for which it is responsible.

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

NSCC does not believe that the rule filing 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 rule filing have been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

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

Section 17A(b)(3)(F) of the Act<sup>4</sup> requires the rules of a clearing agency be designed to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions and to assure the safeguarding of securities and funds which are in the custody or control of

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

<sup>3</sup> Copies of the Agreements are attached as Exhibit A to NSCC's proposed rule change filed with the Commission.

<sup>4</sup> 15 U.S.C. 78q-1(b)(3)(F) (1988).

<sup>6</sup> 17 CFR 200.30-3(a)(12) (1994).

<sup>1</sup> 15 U.S.C. 78s(b)(1) (1988).