

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

The purpose of the proposed rule change is to revise the fees charged to users who are not DTC participants for automated reports listing the positions of DTC participants in an issue. The automated reports include the Weekly Report Series, which shows the daily closing balances during the week for each participant having a security credited to its DTC account; the Monthly Report Series, which shows the closing balance on the last business day of the month for each participant having a security credited to its DTC account; the Dividend Record Date Series, a quarterly report which shows the closing balance for each participant having a security credited to its DTC account; on a dividend record date; and the Special Request, which is available for any business day and shows each participant's closing balance in the issue on that day. DTC offers these reports to third parties (e.g., trustees, issuers, attorneys representing issuers, and other attorneys when required by valid legal process) who are not participants at DTC. The revised fees for the automated reports became effective on January 1, 1997.

DTC believes that the proposed rule change is consistent with the requirements of Section 17A(b)(3)(D) of the Act³ and the rules and regulations thereunder because it provides for the equitable allocation of reasonable dues, fees, and other charges among users of DTC's services.

(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 that is not necessary or appropriate in the furtherance of the purposes of the Act.

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

No written comments on the proposed rule change were solicited or received.

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)(ii)⁴ of the Act and pursuant to Rule 19b-4(e)(2)⁵ promulgated

thereunder in that the proposed rule change establishes or changes a due, fee, or other charge imposed by DTC. 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. 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-96-23 and should be submitted by March 12, 1997.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-4052 Filed 2-18-97; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-38278; File No. SR-DTC-96-25]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to an Amendment to DTC's By-Laws

February 11, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on December 31, 1996, 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 amends DTC's by-laws to authorize DTC's Board of Directors to modify its internal management structure.

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

The purpose of the proposed rule change is to amend DTC's by-laws to authorize DTC's Board of Directors to modify its internal management structure. In particular, DTC proposes to amend Article III of its by-laws to authorize DTC's Board of Directors to designate any one or more of DTC's Vice Presidents as Senior Vice President. This is in addition to the Board of Directors' current authority to designate any one or more of DTC's Vice Presidents as Executive Vice President or Senior Executive Vice President and to designate a Senior Executive Vice President as DTC's Chief Operating Officer.

DTC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act³ and the rules and regulations thereunder because it makes administrative changes to DTC's by-laws so that they coincide with DTC's new internal management structure.

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

³ 15 U.S.C. 78q-1.

³ 15 U.S.C. 78q-1.

⁴ 15 U.S.C. 78s(b)(3)(A)(ii).

⁵ 17 CFR 240.19b-4(e)(2).

⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

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

DTC does not believe that the proposed rule change will have an impact 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 on the proposed rule change were solicited or received.

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)⁴ of the Act and pursuant to Rule 19b-4(e)(3)⁵ promulgated thereunder in that the proposed rule change is concerned solely with the administration of DTC. 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. 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-96-25 and should be submitted by March 12, 1997.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,
Deputy Secretary.
[FR Doc. 97-4053 Filed 2-18-97; 8:45 am]
BILLING CODE 8010-01-M

[Release No. 34-38267; File No. SR-NYSE-96-33]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the New York Stock Exchange, Inc. Relating to the Execution of Odd-Lot Orders

February 11, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on November 25, 1996, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") 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 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 proposed rule change consists of an amendment to Exchange Rule 124 with respect to the manner in which odd-lot market orders are priced for execution when quotation information in a stock is not available.

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

1. Purpose

Currently, odd-lot market orders are executed in the odd-lot system against the specialist in that stock at a price based on the "best pricing quote." This

is either the NYSE quote or the best quote from another ITS market center. (A buy odd-lot market order is executed at the offer price, and a sell odd-lot market order is executed at the bid price.) However, in situations where the quote for a stock does not qualify as a valid quote, either because it is designated as a non-firm quote, or it fails a system validation check because it exceeds certain parameters, the current procedure prices odd-lot executions using the last sale price in the round lot market.² The Exchange believes, however, that this may not reflect the current market for the stock, since the quote condition (*i.e.* either non-firm or a gapped quote) suggests strongly that the market is likely to move away from that last price. In these situations, the Exchange believes the current procedure may disadvantage customers or the specialist.

The NYSE proposes that, when odd-lot market orders are entered in a situation where a quote is not available, designated non-firm, or where the spread in a quote or the difference between the quote and the last round lot sale exceeds odd-lot system validation guidelines,³ that the next sale or next valid quote on the NYSE be used to price odd-lot market orders, rather than the last sale price. If the next quote is not firm, the next sale would be used to execute quote priced market orders. The Exchange believes this would provide more appropriate pricing of odd-lot orders as it would reflect actual round-lot market prices at the time the odd-lot orders are executed. The Exchange further believes investors and specialists would benefit from this increased pricing accuracy.

2. Statutory Basis

The Exchange believes the proposed rule change is designed to provide more efficient executions of standard off-lot market orders. In addition, the Exchange

² See NYSE Rule 124.60 (detailing the circumstances when the ITS best bid or offer will not be utilized).

³ These uncodified guidelines currently provide for the following valid spread ranges:

Common stock: for prices less than or equal to \$50, the valid spread is 1 point; for prices between \$50 ¹/₆₄ and \$100, the valid spread is 1 ³/₄ points; for prices greater than \$100, the valid spread is 2 ¹/₂ points.

Preferred stock: for prices less than or equal to \$50, the valid spread is 2 points; for prices between 50 ¹/₆₄ and 100, the valid spread is 2 ¹/₄ points; for prices greater than \$100, the valid spread is 2 ¹/₂ points.

Spread between quote and last sale must not exceed: prices less than or equal to \$10, the valid spread is 3/8 point; prices between 10 ¹/₈ and \$25, the valid spread is ¹/₂ point; prices between 25 ¹/₈ and \$40, the valid spread is ⁵/₈ point; prices greater than \$40, the valid spread is 2 ¹/₂ points.

⁴ 15 U.S.C. 78s(b)(3)(A)(iii).

⁵ 17 CFR 240.19b-4(e)(3).

⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).