

proposed rule change to eliminate inefficiencies in the IPO tracking system that may unnecessarily cause redeliveries of IPO shares to fail. DTC believes that even with the proposed modification, a lead manager should in most cases be able to determine the identity of the syndicate member(s) whose institutional customer has resold IPO shares.<sup>9</sup>

## 2. Stock Loans

Currently, when a participant that has received a distribution of shares in an issue that is being tracked makes a stock loan in that issue, the system attempts to fulfill that delivery by first using shares received during the initial distribution. DTC then reports these transactions to the lead manager. Under the proposed rule change, DTC will attempt to satisfy the stock loan by first using the lending participant's "secondary market shares" (i.e., shares previously reported to the lead manager as having been "flipped" or shares purchased by the participant in the secondary market). As a result, stock loan transactions will not be reported to the lead manager to the extent that they are processed using secondary market shares. The purpose of this proposal is simply to eliminate unnecessary reporting.

DTC believes that the proposed rule change is consistent with Section 17A of the Act<sup>10</sup> and the rules and regulations thereunder because it will eliminate inefficiencies in the system. In addition, DTC believes that the availability of the IPO tracking system reduces the costs, risks, and delays associated with the physical delivery of certificates.

### (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 purposes of the Act.

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

The proposed rule change is supported by the IPO Tracking Industry Working Group, an industry group representing underwriters and custodian banks that meets monthly with DTC to discuss the operation of the IPO tracking system.

## 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, 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-98-16 and should be submitted by November 12, 1998.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>11</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40549; File No. SR-NSCC-98-11]

### Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of a Proposed Rule Change to Modify NSCC's Rules Regarding Its Mutual Fund Services Transfer Service

October 14, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> notice is hereby given that on July 30, 1998, the National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-NSCC-98-11) as described in Items I, II, and III below, which items have been prepared primarily by NSCC. 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 will modify NSCC's procedures regarding its Mutual Fund Services transfer service.

### 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

The proposed rule change will modify NSCC's rules regarding its Mutual Fund Services transfer service. The Mutual Fund Services transfer service enables fund members and mutual fund processors to transfer between each other the value of Fund/Serv eligible mutual fund shares or UIT units on an automated basis.

The proposed rule change will enable NSCC to implement a request by a users

<sup>9</sup> DTC has informed the Commission that the IPO tracking system will continue to try to determine the identity of the syndicate members whose institutional customer has resold IPO shares.

<sup>10</sup> 15 U.S.C. 78q-1.

<sup>11</sup> 17 CFR 200.30-3(a)(12).

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

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

advisory group to modify Section 21(c) of NSCC's Rule 52A so that the time frame between a delivering fund member's acknowledgment and confirmation is shortened thereby permitting ore expeditious transfers. Currently, a delivering fund member that has acknowledged a transfer request must confirm the value of the Fund/SERV eligible mutual fund shares or UIT units to be transferred by submitting a confirmation to NSCC no earlier than two days and no later than sixty business days after the submission of an acknowledgment. The proposed rule change will permit the delivering fund member to submit a confirmation no earlier than one day and, as is the case today, no later than sixty business days after the submission of an acknowledgment. The users advisory group has informed NSCC that a one day time frame is sufficient for the submission of a confirmation. NSCC will notify members by Important Notice of the specific implementation date, which is expected to be in December 1998.

NSCC believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder since it will facilitate the prompt and accurate clearance and settlement of securities transactions and, in general, will protect investors and the public interest.

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

NSCC does not believe that the proposed rule change 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 proposed rule change 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 Acting**

Within thirty-five days of the date of publication of this notice in the **Federal Register** 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 findings or (ii) as to which the NSCC 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, 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 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 NSCC. All submissions should refer to the file number SR-NSCC-98-11 and should be submitted by November 12, 1998.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>3</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-40539; File No. SR-NYSE-98-31]

**Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the New York Stock Exchange, Inc. to Amend Rule 46 to Increase the Number of Floor Governors**

October 9, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> notice is hereby given that on September 30, 1998, 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, II and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The proposed rule change consists of amendments to Rule 46 to increase the number of Floor Governors. The text of the proposed rule change is available at the Office of the Secretary, NYSE and is available at the Commission

**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 NYSE 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 NYSE has prepared summaries, set forth in Section 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**

The increase in trading volume and number of listed securities in recent years has resulted in higher demand for the services of Floor governors who are responsible for overseeing unusual market situations on the trading Floor. Therefore, to maintain sufficient levels of Floor Governor supervision and timely response, the Exchange proposes to amend Rule 46 to increase the number of Floor Governors from 16 to 20. The last increase in Floor Governors occurred in 1980 when the number was increased from 14 to 16. The Exchange believes the proposed rule change will permit its Floor Governors to perform more effectively those duties prescribed in the rules relating to supervisions and regulation of Floor matters.

In addition to the increase in the number of Floor Governors, the Exchange proposes to correct a typographical error in Rule 46. The last sentence in the first paragraph of Rule 46 should read, in relevant part, "who shall be empowered to perform any duty, make any decision or take[n] any action assigned to or required of a Floor

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

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