

broker is labor intensive, requires more time to complete, and results in more fails than transactions processed through a registered clearing agency. The labor intensive nature of broker-to-broker processing may introduce errors into the process from keystroke errors, manually handling documents, delivery errors, and payment errors. Further, the increase in the number of failed trades and the corresponding increase in potential financial exposure to members creates systemic clearance risk.

II. Discussion

Section 15A(b)(6) of the Act⁴ requires that the rules of the NASD be designed to perfect the mechanism of a national market system, and, in general, to protect investors and the public interest. By requiring its members to clear transactions in corporate debt securities through the facilities of a registered clearing agency, the proposed rule change should reduce the number of failed trades and should reduce or eliminate the risks and inefficiencies associated with broker-to-broker clearance and settlement of such transactions which should further the goal of a national market system. As a result of the rule, more trades will have the benefit of a clearing agency's guarantee of trade settlement and risk and thereby enhance investor protection.

Furthermore, the move to three day settlement of securities transactions on June 7, 1995, will reduce the time available to complete all tasks necessary to settle a transaction.⁵ By increasing the number of transactions that must be settled through the facilities of a registered clearing agency, the rule also facilitates the implementation of a three day settlement.

The NASD has requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of the filing. The Commission finds good cause for so approving the proposed rule because accelerated approval will permit the NASD to notify their members two weeks before the effective date of the rule. Such notification should help the NASD and its members to implement the rule in an orderly manner while still permitting the rule to become effective shortly after the implementation of T+3 settlement, which is scheduled to occur on June 7, 1995.

III. Conclusion

For the reasons stated above, the Commission finds that NASD's proposal is consistent with Section 15A of the Act.⁶

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁷ that the proposed rule change (File No. SR-NASD-95-11) be and hereby is approved, effective June 30, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁸

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-13466 Filed 6-1-95; 8:45 am]

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Under Review by Office of Management and Budget

Agency Clearance Officer: Michael E. Bartell, (202) 942-8800

Upon Written Request, Copy Available From: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549

Extension:

Rule 23c-3, File No. 270-373

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1980 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (the "SEC") has submitted for extension of OMB approval Rule 23c-3 under the Investment Company Act of 1940 [17 CFR 270.23c-3].

Rule 23c-3 permits closed-end management investment companies to make periodic repurchase offers to shareholders at net asset value. These repurchases are exempt from the disclosure and filing requirements of the tender offer rules under the Securities Exchange Act of 1934. Rule 23c-3 requires closed-end funds making repurchase offers to give shareholders before each offer a notification containing specified information, to file three copies of the notification with the Commission, to describe the fund's repurchase policy and the results of recent repurchase offers in the annual report to shareholders, and to cause fund directors to adopt and maintain written procedures designed to preserve a sufficiently liquid investment portfolio. An estimated 10 respondents together incur 320 burden hours annually to comply with the requirements, under new estimates

reflecting a program change and an adjustment.

In addition, closed-end funds relying on the rule must file copies of advertisements and other sales literature with the Commission unless already filed with the National Association of Securities Dealers (NASD). Respondents generally incur no burden hours to comply with this requirement because each fund's principal underwriter must comply with separate NASD rules requiring the filing of such materials with the NASD.

Direct general comments to the OMB Clearance Officer for the Securities and Exchange Commission at the address below. Direct any comments concerning the accuracy of the estimated average burden hours for compliance with SEC rules or forms to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549 and to OMB Clearance Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Paperwork Reduction Act Number 3235-0422, Office of Management and Budget, Room 3208, New Executive Office Building, Washington, DC 20543.

Dated: May 22, 1995.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-13535 Filed 6-1-95; 8:45 am]

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[Release No. 34-35772; File No. SR-PHLX-95-34]

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Notice of Filing of Proposed Rule Change Regarding Depository Eligibility Requirements

May 26, 1995.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on May 19, 1995, the Philadelphia Stock Exchange, Inc. ("PHLX") 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 PHLX. On May 18, 1995, PHLX filed an amendment to the rule filing.² The Commission is publishing this notice to solicit comments from interested persons.

¹ 15 U.S.C. 78s(b)(1) (1988).

² Letter from Sharon S. Metzger, PHLX, to Christine Sibille, Senior Counsel, Division of Market Regulation, Commission (May 18, 1995).

⁴ 15 U.S.C. 78o-3(b)(6) (1988).

⁵ Securities Exchange Act Release No. 33023 (October 6, 1993), 58 FR 52891 (adopting Rule 15c6-1) and 34952 (November 9, 1994), 59 FR 59137 (changing effective date from June 1, 1995, to June 7, 1995).

⁶ 15 U.S.C. 78o-3 (1988).

⁷ 15 U.S.C. 78s(b)(2) (1988).

⁸ 17 CFR 200.30(a)(12) (1994).

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

PHLX proposes to adopt a new Rule 853 which will set forth depository eligibility requirements for issuers that apply to list their securities on PHLX.

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

In its filing with the Commission, PHLX 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.³

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

Under the proposed rule change, PHLX will adopt a uniform depository eligibility rule for issuers that desire to list their securities on PHLX.⁴ The uniform rule has been developed by the Legal and Regulatory Subgroup of the U.S. Working Committee of the Group of Thirty in coordination with each of the national securities exchanges and the National Association of Securities Dealers ("NASD"). It is anticipated that each national securities exchange and the NASD will file rule changes proposing adoption of depository eligibility standards substantially similar to PHLX's proposed rule and will seek to make such changes effective contemporaneously with the effective date of the transition from a five day ("T+5") to a three day ("T+3") settlement cycle. The transition is set to occur June 7, 1995.⁵

The proposed rule change will require issuers to ensure that securities to be listed on PHLX have been included in the file of eligible issues maintained by a securities depository registered as a clearing agency under section 17A of the Act.⁶ This requirement will not

apply to a security if the terms of such security cannot be reasonably modified to meet the criteria for depository eligibility at all securities depositories.

The proposed rule change sets forth additional requirements that must be met before a security will be deemed to be "depository eligible," within the meaning of PHLX Rule 279 ("uniform book-entry settlement rule").⁷ The proposed rule specifies different requirements for depository eligibility depending upon whether a new issue is distributed by an underwriting syndicate before or after the date a securities depository system is available for monitoring repurchases of the distributed shares by syndicate members ("flipping tracking system").

Currently, a flipping tracking system is being developed that will include a securities depository service that (i) can be activated upon the request of the managing underwriter for a period of time that the managing underwriter specifies, (ii) in certain circumstances, will require the delivering participant to provide to the depository information sufficient to identify the seller of such shares as a precondition to the processing of book-entry delivery instructions for distributed shares, and (iii) will report to the managing underwriter the identity of any other syndicate member or selling group member whose customer(s) sold distributed shares (but will not report to the managing underwriter the identity of such customer(s)), and in certain circumstances, will report to such syndicate member or selling group member the identity of such customer(s). Prior to the availability of a flipping tracking system, the managing underwriter may delay the date a security is deemed "depository eligible" for up to three months after trading has commenced in the security. After the availability of a flipping tracking system, a new issue will be deemed to be depository eligible upon commencement of trading on PHLX.

The proposed rule change is consistent with section 6(b)(5) of the Act⁸ in that it is designed to promote just and equitable principles of trade.

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

PHLX believes that no burden will be placed on competition as a result of the proposed rule change.

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

Comments on the proposed rule change were neither solicited nor received.

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 PHLX 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.

PHLX has requested accelerated approval of the proposed rule change in order that the rule can become effective on June 7, 1995.⁹

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submission should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington DC 20549. Copies of the submissions, 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 filings will also be available for inspection and copying at the principal office of PHLX. All submissions should refer to file number SR-PHLX-95-34 and should be submitted by June 23, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁰

³The Commission has modified the language in these sections.

⁴In addition, PHLX Rules 803 and 805 will be amended to properly cross-reference to new Rule 853.

⁵Securities Exchange Act Release Nos. 33023 (October 6, 1993), 58 FR 52891 (adoption of Rule 15c6-1) and 34952 (November 9, 1994), 59 FR 59137 (change of effective date of Rule 15c6-1 from June 1, 1995 to June 7, 1995).

⁶15 U.S.C. 78q-1 (1988).

⁷Pursuant to PHLX's uniform book-entry settlement rule, trades by a member in depository eligible securities generally must be settled by book-entry through a securities depository.

⁸15 U.S.C. 78f(b)(5) (1988).

⁹*Supra* note 5 and accompanying text.

¹⁰17 CFR 200.30-3(a)(12) (1994).

Margaret H. McFarland,
Deputy Secretary.
[FR Doc. 95-13533 Filed 6-1-95; 8:45 am]
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[Release No. 34-35773; File No. SR-NYSE-95-19]

Self-Regulatory Organizations; New York Stock Exchange, Inc., Notice of Filing of Proposed Rule Change Regarding Depository Eligibility Requirements

May 26, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on May 16, 1995, the New York Stock Exchange, Inc. ("NYSE") 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 NYSE. The Commission is publishing this notice to solicit comments from interested persons.

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

NYSE proposes to adopt a new Rule 227 which will set forth depository eligibility requirements for issuers that apply to list their securities on NYSE.

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.²

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

Under the proposed rule change, NYSE will adopt a uniform depository eligibility rule, proposed new Rule 227, for issuers that desire to list their securities on NYSE. The uniform rule has been developed by the Legal and

Regulatory Subgroup of the U.S. Working Committee of the Group of Thirty in coordination with each of the national securities exchanges and the National Association of Securities Dealers ("NASD"). It is anticipated that each national securities exchange and the NASD will file rule changes proposing adoption of depository eligibility standards substantially similar to NYSE's proposed rule and will seek to make such changes effective contemporaneously with the effective date of the transition from a five-day ("T+5") to a three-day ("T+3") settlement cycle. The transition is set to occur June 7, 1995.³

The proposed rule change will require domestic issuers to represent to the NYSE before issues of securities are listed that the CUSIP numbers identifying the securities have been included in the file of eligible issues maintained by a securities depository registered as a clearing agency under section 17A of the Act.⁴ This requirement will not apply to a security if the terms of such security cannot be reasonably modified to meet the criteria for depository eligibility at all securities depositories.

The proposed rule change sets forth additional requirements that must be met before a security will be deemed to be "depository eligible," as such term is used in Rule 226 of the NYSE rules.⁵ The proposed rule specifies different requirements for depository eligibility depending upon whether a new issue is distributed by an underwriting syndicate before or after the date a securities depository system is available for monitoring repurchases of the distributed shares by syndicate members ("flipping tracking system").

Currently, a flipping tracking system is being developed that will include a securities depository service that (i) can be activated upon the request of the managing underwriter for a period of time that the managing underwriter specifies, (ii) in certain circumstances, will require the delivering participant to provide to the depository information sufficient to identify the seller of such shares as a precondition to the

processing of book-entry delivery instructions for distributed shares, and (iii) will report to the managing underwriter the identity of any other syndicate member or selling group member whose customer(s) sold distributed shares (but will not report to the managing underwriter the identity of such customer[s]), and in certain circumstances, will report to such syndicate member or selling group member the identity of such customer(s). Prior to the availability of a flipping tracking system, the managing underwriter may delay the date a security is deemed "depository eligible" for up to three months after trading has commenced in the security. After the availability of a flipping tracking system, a new issue will be deemed to be depository eligible upon commencement of trading on NYSE.

The proposed rule change is consistent with Section 6(b)(5) of the Act⁶ in that it protects investors and the public interest by reducing the risk inherent in settling securities transactions to clearing corporations, their members, and public investors. This is accomplished because the new rule will promote book-entry settlement for the vast majority of initial public offerings and will reduce risk in the U.S. national market system.

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

NYSE does not believe that the proposed rule change will impose any burden on competition that is 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

NYSE has neither solicited nor received comments 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 NYSE consents, the Commission will:

(a) By order approve such proposed rule change or

⁶ 15 U.S.C. 78f(b)(5) (1988).

³ Securities Exchange Act Release Nos. 33023 (October 6, 1993), 58 FR 52891 (adoption of Rule 15c6-1) and 34952 (November 9, 1994), 59 FR 59137 (change of effective date of Rule 15c6-1 from June 1, 1995 to June 7, 1995).

⁴ 15 U.S.C. 78q-1 (1988).

⁵ The term "depository eligible securities" is defined in Rule 226(d) as securities that (i) are part of an issue (securities identified by a single CUSIP number) of securities that is eligible for deposit at a securities depository and (ii) with respect to a particular transaction, are eligible in book-entry transfer at the depository at the time of settlement of the transaction.

¹ 15 U.S.C. 78s(b)(1) (1988).

² The Commission has modified the language in these sections.