Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the Amex. All submissions should refer to SR–Amex–95–36 and should be submitted by October 10, 1995.

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

Margaret H. McFarland,

*Deputy Secretary.*

[FR Doc. 95–23018 Filed 9–15–95; 8:45 am]

**BILLING CODE 8010–01–M**

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**[Release No. 34–36219; File No. SR–DTC–95–09]**

## Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of a Proposed Rule Change Seeking to Establish a Legal Guidance System

September 12, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on April 27, 1995, The Depository Trust Company (''DTC'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change (File No. SR–DTC–95–09) as described in Items I, II, and III below, which items have been prepared primarily by DTC. On July 25, 1995, DTC filed an amendment to the proposed rule change.[2] On August 22, 1995, DTC filed a second amendment to the proposed rule change.[3] 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

DTC is filing the proposed rule change to establish a service whereby DTC participants and nonparticipants (*e.g.*, transfer agents) can obtain information and documentation necessary to effect a legal transfer of a deposit.

### 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.[4]

#### *(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 establish an inquiry-only Legal Guidance System (''LGS''), which is a menu-driven, user-friendly system designed to provide DTC participants and nonparticipants (*e.g.*, transfer agents)[5] with information regarding the documents necessary to effect a legal deposit.[6] Lgs will be accessible by DTC participants and nonparticipants through DTC's Participant Terminal System (''PTS''). LGS contains industry requirements, individual state and province requirements, and transfer agent requirements for processing legal deposits. DTC will post a disclaimer in the LGS user guide notifying users that DTC shall not be liable to the user for any liability for damages resulting from mistakes or omissions in LGS.[7]

The LGS menu approach will guide users through a step-by-step process to ascertain the relevant requirements for transferring legal deposits. LGS also will have a ''fast forward'' navigation option that will allow an experienced user to quickly access the requisite information. Users also will be able to request through LGS that certain transfer documents be sent to their offices via facsimile transmission. In the near future, DTC plans to interface LGS with its Pending Legal Deposit System to track and monitor document expiration. The fee charged to DTC participants and nonparticipants for the LGS service will be DTC's standard fee for PTS inquires.

DTC believes the proposed rule change is consistent with the requirements of Section 17A of the Act[8] and the rules and regulations thereunder because the rule proposal will facilitate the prompt and accurate clearance and settlement of securities transactions.

#### *(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*

Written comments from DTC participants or others have not been solicited or 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 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. 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

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[6] 17 CFR 200.30–3(a)(12).

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

[2] DTC amended its proposal to allow organizations that are not DTC participants, such as transfer agents, to subscribe to the Legal Guidance System. Letter from Piku K. Thakkar, Assistant Counsel, DTC, to Mark Steffensen, Esq., Division of Market Regulation (''Division''), Commission (July 21, 1995).

[3] As proposed in the original filing, once a user logged onto the Legal Guidance System a disclaimer of liability message appeared on the terminal screen. DTC has amended its proposal to eliminate this message from the Legal Guidance System terminal screen. Instead, the disclaimer will appear in a user guide. Letter from Piku K. Thakkar, Assistant Counsel, DTC, to Peter Geraghty, Division, Commission (August 17, 1995).

[4] The Commission has modified the text of the summaries prepared by DTC.

[5] Presently, DTC envisions that LGS will be utilized only by nonparticipant transfer agents. However, the availability of LGS will not be limited to nonparticipants who are transfer agents. Telephone conversation between Piku K. Thakkar, Assistant Counsel, DTC, and Mark Steffensen, Attorney, Division, Commission (September 11, 1995).

[6] A ''legal deposit'' consists of a registered security and any legal documentation required to effect the legal transfer and registration of the security from the registered holder's name into DTC's nominee name.

[7] Specifically, the disclaimer will state that ''DTC does not represent the accuracy, adequacy, or fitness for a particular purpose of the following information, which is provided as is. DTC shall not be liable for: 1) any loss resulting directly or indirectly from mistakes, omissions, interruptions, delays, errors, or defects arising from or related to this service; and 2) any special, consequential, exemplary, incidental, or punitive damages.''

[8] 15 U.S.C. 78q–1 (1988).

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 DTC. All submissions should refer to the file number SR–DTC–95–09 and should be submitted by October 10, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.[9]

Jonathan G. Katz,

*Secretary.*

[FR Doc. 95–23089 Filed 9–15–95; 8:45 am]

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**[Release No. 34–36211; File No. SR–NASD–95–16]**

## Self-Regulatory Organizations; Order Approving Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to a Customer Complaint Reporting Rule

September 8, 1995.

On July 6, 1995, the National Association of Securities Dealers, Inc. (''NASD'' or ''Association'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') a proposed rule change [1] 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 the NASD Rules of Fair Practice to require NASD members to report to the NASD the occurrence of certain specified events and quarterly summary statistics concerning customer complaints.

Notice of the proposed rule change, together with its terms of substance, was provided by issuance of a Commission release [4] and by publication in the Federal Register.[5] No comments were received in response to the notice. This order approves the proposed rule change.

On May 19, 1994, the Commission's Large Firm Project Report was published, detailing the findings of a review it undertook, in conjunction with the New York Stock Exchange (''NYSE'') and the NASD, regarding the hiring, retention and supervisory practices of nine of the largest broker-dealers in the United States. This review was commenced because of increased concerns on the part of the Commission and others over the frequency and severity of sales practice abuses.

In the Report, Commission staff stressed the need for self-regulatory organizations (''SROs'') to develop better means of identifying sales practice problems at an earlier stage. Commission staff noted, in connection with its review, that the NYSE Rule 351 database was extremely useful and was a significant help to the staff in conducting its review. In general, NYSE Rule 351 is a broad reporting rule that requires members to report to the NYSE certain specified information that may reflect a violation of, among other things, the federal securities laws or the rules of the NYSE. In addition, NYSE Rule 351 requires members to report, on a periodic basis, statistical information regarding customer complaints. In the Report, Commission staff recommended that the NASD adopt a rule based on NYSE Rule 351 and require its members to report customer complaint information on a quarterly basis as an additional tool to aid in the identification of problem brokers.

In its rule filing, the NASD expressed concern that critical material information identified in the proposed rule, such as reports on statutory disqualifications, internal disciplinary actions, and quarterly statistical data regarding customer complaints received by a member is not currently required by Form U–4 or other forms to be reported to the NASD. The NASD believes, therefore, that the affirmative obligation of members to provide the NASD with notice of certain events concerning member firms or their associated persons will significantly enhance the NASD's ability to quickly identify and take appropriate action against problem representatives.

The proposed rule change is similar to NYSE Rule 351. The Rule will require a member to file a report with the NASD when any of 10 different specified events occur. These events range from situations where a court, government agency, or SRO has determined that there has been a violation of the securities laws, to circumstances where a firm has received a written customer complaint alleging theft or misappropriation of funds or securities, or forgery. The rule also will require a person associated with a member to promptly report the existence of any of the ten events to the member. Moreover, the rule will require a member to report to the NASD statistical and summary information regarding written customer complaints received by the member or relating to the firm or any of its associated persons. The reporting requirements of the proposed rule will not apply to members that are subject to similar reporting requirements of another SRO. For example, NASD members that are also members of the NYSE will not be subject to the NASD's rule.

The Commission has determined to approve the NASD's proposal. The Commission finds that the rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to the NASD, including the requirements of Sections 15A(b) (6) and (7) of the Act.[6] Section 15A(b)(6) requires, in part, that the rules of a national securities association be designed to prevent fraudulent and manipulative acts and practices; to promote just and equitable principles of trade; and to protect investors and the public interest. Section 15A(b)(7) requires that the rules of a national securities association provide that its members and persons associated with its members shall be appropriately disciplined for violation of any provision of the Act, the rules or regulations thereunder, or the rules of the association. The Commission believes that the proposed rule will provide important regulatory information that will assist in the detection and investigation of sales practice violations. This, in turn, should assist the NASD in carrying out its disciplinary responsibilities as well as assist it in protecting investors and the public from fraudulent and manipulative acts and practices. As noted above, the Commission itself found such information extremely useful in its review of sales practice abuses.

It is Therefore Ordered, pursuant to Section 19(b)(2) of the Act,[7] that the proposed rule change SR–NASD–95–16 be, and hereby is, approved.

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

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[9] 17 CFR 200.30–3(a)(12) (1994).

[1] The proposed rule change was initially submitted on May 1, 1995, but was amended twice prior to publication in the Federal Register; once on May 25, 1995, and again on July 6, 1995.

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

[3] 17 CFR 240.19b–4.

[4] Securities Exchange Act Release No. 35956 (July 11, 1995).

[5] 60 FR 36838 (July 18, 1995).

[6] 15 U.S.C. 78*o*–3(b) (6) & (7).

[7] 15 U.S.C. 78s(b)(2).

[8] 17 CFR 200.30–3(a)(12).