

utilize the procedures without any disruption when the current temporary approval expires on June 28, 1996.

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, N.W., Washington, D.C. 20549. Copies of the submissions, all subsequent amendments, all written statements with respect to the proposed rule changes that are filed with the Commission, and all written communications relating to the proposed rule changes 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, N.W., Washington, D.C. 20549. Copies of such filings will also be available for inspection and copying at the principal offices of NSCC and SCCP. All submissions should refer to file numbers SR-NSCC-96-09 and SR-SCCP-96-02 and should be submitted by July 26, 1996.

It is therefore ordered, pursuant to section 19(b)(2) of the Act, that the proposed rule changes, as amended (File Nos. SR-NSCC-96-09 and SR-SCCP-96-02), be, and hereby are, permanently approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁴

Jonathan G. Katz,
Secretary.

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[Release No. 34-37382; File Nos. SR-Philadep-96-08 and SR-SCCP-96-04]

**Self-Regulatory Organizations;
Philadelphia Depository Trust
Company and Stock Clearing
Corporation of Philadelphia; Notice of
Filing and Order Granting Accelerated
Approval on a Temporary Basis of
Proposed Rule Changes Requesting
Permanent Approval of the Adoption of
Article 8 of the New York Uniform
Commercial Code To Govern Certain
Transactions**

June 28, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on May 30, 1996, the Philadelphia Depository Trust Company ("Philadep") and the Stock Clearing Corporation of Philadelphia ("SCCP") filed with the Securities and Exchange Commission ("Commission") the proposed rule changes (File Nos. SR-Philadep-96-08 and SR-SCCP-96-04) as described in Items I and II below, which Items have been prepared primarily by Philadep and SCCP. The Commission is publishing this notice to solicit comments from interested persons and to grant accelerated approval of the proposed rule changes on a temporary basis through December 31, 1996.

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

Philadep requests permanent approval of the adoption of Rule 32 and the amendment of Rule 1 of its rules, and SCCP requests permanent approval of the adoption of Rule 41 and the amendment of Rule 1 of its rules governing the choice of law to be elected in certain transactions effecting Philadep, SCCP, their participants, and pledged. On January 26, 1996, the Commission temporarily approved through June 30, 1996, Philadep's and SCCP's proposed rule changes adopting Article 8 of the New York Uniform Commercial Code ("UCC") as their choice of law governing certain transactions.²

II. Self-Regulatory Organizations' Statements of the Purpose of, and Statutory Basis for, the Proposed Rule Changes

In their filings with the Commission, Philadep and SCCP included statements

concerning the purpose of and the basis for the proposed rule changes and discussed any comments received on the proposed rule changes. The text of these statements may be examined at the places specified in Item IV below. Philadep and SCCP have prepared summaries, as set forth in sections A, B, and C below, of the most significant aspects of these statements.

A. Self-Regulatory Organization's Statements of the Purpose of, and the Statutory Basis for, the Proposed Rule Changes

Philadep and SCCP propose to permanently adopt Rules 32 and Rule 41, respectively, and to permanently amend Rule 1 of their rules to codify their decision to elect certain New York commercial code provisions to govern certain transactions for the purpose of providing a uniform, consistent, and predictable body of law. Specifically, Rule 32 and Rule 41 will assure that the rights and obligations of Philadep and SCCP, their participants, and their pledgees with respect to transfers and pledges of securities, to the extent Article 8 of the UCC applies thereto, will be governed by and construed in accordance with Article 8 of the UCC of New York in effect from time to time. The definition of "security" under Rule 1 of both Philadep's and SCCP's rules was amended to cite to New York UCC Article 8 as opposed to Pennsylvania UCC Article 8.

Philadep and SCCP note that uncertainty exists whether New York law or Pennsylvania law may apply to any particular transfers and whether some transfers within Philadep's or SCCP's systems may be governed by Pennsylvania's UCC Article 8 while other transaction within such systems may be governed by New York's UCC Article 8. With so many of the transactions for which Philadep and SCCP provide depository, clearance, and settlement services potentially being affected (e.g., those transactions effected through interface with broker-dealers, banks, and other institutions which are participants in The Depository Trust Company ("DTC") and National Securities Clearing Corporation ("NSCC") systems), it is problematic that different rules of law under Article 8 of the UCC may govern the rights and obligations of parties to such transfers. Philadep and SCCP, therefore, have chosen to elect the application of New York's UCC Article 8 rather than Pennsylvania's UCC Article 8. The choice of New York law also assures that DTC, NSCC, and their respective participants and pledgees will find harmonious commercial code

¹ 15 U.S.C. 78s(b)(1) (1988).

² Securities Exchange Act Release No. 36781 (January 26, 1996), 61 FR 3958 [File Nos. SR-SCCP-96-01 and SR-Philadep-96-01] (order granting accelerated approval on a temporary basis of proposed rule changes to provide for the application of Article 8 of the New York UCC).

¹⁴ 17 CFR 200.30-3(a)(12) (1995).

provisions governing their extensive dealings with Philadep and SCCP, their participants, and pledgees in this area as the former New York based groups already are subject to New York law.

Philadep and SCCP believe the proposed rule changes are consistent with Section 17A of the Act and the rules and regulations thereunder because the rules are designed to promote the prompt and accurate clearance and settlement of securities transactions, to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible, to foster cooperation and coordination with persons engaged in the clearance and settlement of securities, to remove impediments to and perfect the mechanism of a national market system for the prompt and accurate clearance and settlement of securities transactions, and, in general, to protect investors and the public interest.

B. Self-Regulatory Organizations' Statements on Burden on Competition

Philadep and SCCP do not believe that the proposed rule changes will impact or impose a burden on competition.

C. Self-Regulatory Organizations' Statements on Comments on the Proposed Rule Changes Received From Members, Participants or Others

No written comments have been solicited or received.

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

Section 17A(b)(3)(F)³ of the Act requires the rules of a clearing agency be designed to foster cooperation and coordination with persons engaged in the clearance and settlement of securities. The Commission believes the proposed rule changes are consistent with these requirements because adoption of Article 8 of the New York UCC should help provide certainty with respect to the substantive rights and obligations under UCC Article 8 that are applicable to Philadep and SCCP and their participants particularly with respect to transactions with broker-dealers, banks, and other institutions that are participants of other foreign or domestic clearing entities.

Philadep and SCCP have 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 change because accelerated approval will enable Philadep and SCCP to continue to choose Article 8 of the New York UCC as the governing law for certain transactions, thus enabling Philadep and SCCP to continue to settle without any disruption securities transactions between U.S. broker-dealers and Canadian broker-dealers. Currently, the West Canada Depository Trust Company ("WCDTC") and the West Canada Clearing Corporation ("WCCC") act as a corresponding depository for and conduct clearance and settlement with Philadep and SCCP, respectively. With WCDTC and WCCC as participants of SCCP and Philadep, transactions in certain Canadian and U.S. securities between Canadian and American brokers will continue to be cleared and settled through the facilities of Philadep and SCCP. The staff of the Board of Governors of the Federal Reserve System has concurred with the Commission's granting of accelerated approval.⁴

The Commission is granting temporary approval of the proposed rule changes because the Commission believes the adoption of Article 8 of the New York UCC should continue to be examined before the selection of such governing law is permanently approved. The Commission will continue to analyze the developments and the application of Article 8 of the New York UCC including the effect of the choice of law provisions upon third parties. For these reasons, the Commission is temporarily approving the proposed rule changes through December 31, 1996.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making such submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., 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

⁴ Telephone conversation between John Rudolph, Board of Governors of the Federal Reserve System, and Chris Concannon, Staff Attorney, Division of Market Regulation, Commission (June 28, 1996).

available for inspection and copying in the Commission's Public Reference Room, 450 Fifth Street, N.W., Washington, DC 20549. Copies of such filings will also be available for inspection and copying at the principal offices of Philadep and SCCP. All submissions should refer to File Nos. SR-Philadep-96-08-SR-SCCP-96-04 and should be submitted by July 26, 1996.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule changes (File Nos. SR-Philadep-96-08 and SR-SCCP-96-04) be, and hereby are, approved through December 31, 1996.

For the Commission by the Division of Market Regulation pursuant to delegated authority.⁵

Jonathan G. Katz,
Secretary.

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[Release No. 34-37383; International Series Release No. 998; File No. SR-Philadep-96-09]

Self-Regulatory Organizations; Philadelphia Depository Trust Company; Notice of Filing and Order Granting Accelerated Approval on a Temporary Basis of a Proposed Rule Change Seeking Permanent Approval of the Designation of the West Canada Depository Trust Company as a Correspondent Depository

June 28, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on May 30, 1996, the Philadelphia Depository Trust Company ("Philadep") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-Philadep-96-09) as described in Items I and II below, which items have been prepared primarily by Philadep. The Commission is publishing this notice to solicit comments from interested persons and to grant accelerated approval of the proposed rule change on a temporary basis through December 31, 1996.

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

The purpose of the proposed rule change is to seek permanent approval of the designation of the West Canada Depository Trust Company ("WCDTC") as Philadep's nonexclusive agent and

⁵ 17 CFR 200.30-3(a)(12) (1995).

¹ 15 U.S.C. 78s(B)(1) (1988).

³ 15 U.S.C. § 78q-1(b)(3)(F) (1988).