

Commission believes that Amendments raise no new or unique issues that were not already presented in the original filing. The Commission notes also that the original proposal was subject to the full notice and comment period and no comment letters were received. Accordingly, consistent with Section 6(b)(5) of the Act, the Commission believes that good exists to approve the Amendments to the filing on an accelerated basis.

### III. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the Amendments. 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 at the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the Amex. All submission should refer to File No. SR-Amex-96-05 and should be submitted by October 30, 1996.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>16</sup> that the proposal rule change (File No. SR-Amex-96-05) is approved, as amended.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>17</sup>

Jonathan G. Katz,  
Secretary.

[FR Doc. 96-25925 Filed 10-8-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37778; File No. SR-DTC-96-15

### Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Proposed Rule Change Relating to the Procedures To Establish a Direct Registration System

October 3, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on September 17, 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 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 establish (1) a new service called the Direct Registration System ("DRS"), which was developed by the securities industry, and (2) a new category of participants whose use of DTC's services will be limited to DRS.

#### 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.<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 amend DTC's rules (1) to establish a new category of participant called a limited participant which would be authorized to use only certain services of the depository; (2) to describe the DRS service to be offered by DTC; and (3) to set forth the requirements for (a) the admission of limited participants authorized to use only the DRS service and (b) the eligibility of securities for

the DRS service. DRS will permit an investor to hold a security directly in electronic form as the registered owner of the security on the books of the issuer rather than (1) indirectly through a financial intermediary that holds the security in street name or in an account with a depository or (2) in the form of a certificate. The investor will have the right to transfer its DRS position in the security to a financial intermediary in order to sell or pledge the security or to receive a certificate representing the security.<sup>3</sup>

To facilitate the transfer of a DRS position to a financial intermediary, DTC will offer a new service to transfer agent, bank, and broker-dealer participants of DTC. A transfer agent that participates in the Fast Automated Transfer ("FAST") program at DTC and meets the other qualifications described below will be able to become a DRS limited participant. Using the DRS service, an investor's DRS position could be transferred by the DRS limited participant (*i.e.*, the transfer agent) to the financial intermediary acting for the investor (*i.e.*, a bank or broker-dealer participant) through the facilities of DTC. Specifically, the limited participant will credit its DTC FAST account with the amount of the security to be transferred, and DTC in turn will credit the account of the receiving participant with that amount of the security.<sup>4</sup>

To qualify for admission as a limited participant for DRS services, an applicant must be a partnership, corporation, or other organization or entity that (1) is registered as a transfer agent pursuant to Section 17A(c) of the Act and Rule 17Ac2-1 thereunder, (2) participates in the FAST program, (3) provides Direct Mail Service on transfers, (4) accepts dividend reinvestment instructions from DTC on DRS eligible securities that offer dividend reinvestment plans, (5) communicates with DTC using DTC computer-to-computer ("CCF") platforms, and (6) executes an accountholder agreement.<sup>5</sup> To qualify as an eligible security for processing

<sup>3</sup> For a complete description of DRS, refer to Securities Exchange Act Release No. 35038 (December 1, 1994), 59 FR 63652 (concept release on a transfer agent operated book-entry registration system).

<sup>4</sup> A complete description of the DRS service may be found in the Important Notices issued by DTC on the implementation of a DRS, which are attached as Exhibit A and Exhibit B. Important Notice B# 1368-96 (July 15, 1996) and Important Notice B# 1505-96 (July 26, 1996).

<sup>5</sup> Under the accountholder agreement, the transfer agent, among other things, agrees to continue to meet the admission criteria, pay all applicable fees, and indemnify DTC for any expense caused by the limited participant's act or omission.

<sup>16</sup> 15 U.S.C. 78s(b)(2).

<sup>17</sup> 17 CFR 200.30-3(a)(12) (1994).

<sup>1</sup> 15 U.S.C. 78s(b)(1) (1988).

<sup>2</sup> The commission has modified parts of these statements.

through the DRS service, a security must be eligible for the FAST program.

A DRS limited participant will be charged the following fees:

1. Limited Participant Account holder fee—\$225 per month
2. Deliver Order transaction processing fee—\$.45 per transaction

DTC participants receiving such a DRS delivery will also be charged \$.45 per transaction. In addition, when a DTC participant instructs a transfer agent to establish a DRS account for a shareholder and the transfer agent subsequently mails a transaction advice to the shareholder confirming that such an account has been established at the transfer agent, the transfer agent's fee of \$.55 for mailing and handling the DRS transaction advice will be charged back to the participant directly by DTC. DTC will collect the advice fees and will periodically remit such fees to the transfer agent.

The proposed rule change is consistent with the Congressional objectives in Section 17A(a)(1) of the Act<sup>6</sup> in that it promotes efficiencies in the prompt and accurate clearance and settlement of securities transactions. DRS will enhance the availability of securities for settlement in a three business day settlement ("T+3") environment. Individual investors electing book-entry positions on the books of the issuers (*i.e.*, DRS positions) will be able to subsequently arrange to have such positions transferred electronically to banks or broker-dealers in connection with sales or other dispositions of the securities. By effecting transfers through automated linkages between transfer agents and DTC, the DRS service to be offered by DTC will promote efficiencies in the clearance and settlement system. Moreover, DRS will foster cooperation and coordination between DTC and other entities engaged in the clearance and settlement of securities transactions.

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

DTC perceives no impact on competition by reason of the proposed rule change.

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

Although DTC did not solicit comments on DRS, over the last two years, a joint committee of representatives of the Securities Transfer Association, the Securities

Industry Association, the Corporate Transfer Agents Association, and the depositories has met and agreed on the features of DRS.

**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 the self-regulatory organization 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, 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 Room in Washington, D.C. 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-96-15 and should be submitted by October 30, 1996.

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

Jonathan G. Katz,  
Secretary.

Exhibit A—The Depository Trust Company

Important Notice

July 15, 1996.

B #: 1368-96

TO: All Participants

ATTENTION: Managing Partner/Officer,

Cashier, Transfer Manager

SUBJECT: *Implementation of a Direct Registration system*

*Background*

In 1994, the Securities and Exchange Commission requested that the Industry work to develop a "Direct Registration System" (DRS) process, in order to provide investors with additional approaches to holding their securities in certificateless form. Under DRS, Investors electing to have their ownership of securities registered on the issuer's records would be offered a choice between a registered certificate and a book-entry or "direct registration" position recorded on the books of the issuer's transfer agent. An investor electing a book-entry or DRS position would receive a "transaction advice" reporting creation of the position, as well as periodic account statements evidencing it. The investor would be able subsequently to arrange to have the DRS position transferred electronically to a bank or broker-dealer in connection with a sale or other disposition of the securities.

Over the last two years a joint committee of representatives of the Securities Transfer Association, Securities Industry Association, and the Corporate Transfer Agents Association has met and agreed on the features of a Direct Registration system. As a result of those discussions, it is anticipated that the DRS alternative will be offered to investors on an initial group of "pilot" issues some time late in 1996 (most probably in November). Highlights of the proposed system follow.

*Overview*

*Eligibility*

Because of the degree of systems sophistication required, the joint committee agreed that only issues that are eligible under DTC's Fast Automated Securities Transfer (FAST) Program should be eligible for DRS. The Joint committee also agreed that if the issue offers a dividend reinvestment plan (DRP) the plan must be open to DTC participation.

FAST eligibility and DRP availability have been recommended by the Committee to the SEC as criteria for an Issuer's DRS program.

When an issue becomes eligible for DRS, Participants will be notified by Important Notice, and a DRS Indicator will be added to the Eligible Corporate Securities File (ELISC and ELISCD).

*Transfers*

Any Withdrawal-by-Transfer (WT) request made via the Participant Terminal System (PTS) using functions NWTI or RWTI or Computer-to-Computer (CCF/CCFII) will be modified to include the following: DRS indicator, Participant account number, and Participant or correspondent broker name. The Participant should include in the "DRS indicator" field the appropriate code indicating whether the transferee wants a certificate issued or a DRS position established (instructions with this field left blank will be rejected). The "account number" specified should be transferee's account number at the Participant or correspondent broker (so that the DRS agent can include this information on its records to associate the investor's DRS position with the submitting Participant or its correspondent).

When a Participant's customer requests that a DRS position be established, the DRS

<sup>6</sup> 15 U.S.C. section 78q-1(a)(1) (1988).

transaction advice will be mailed directly by the agent to the customer. The transfer agent's fee of 55¢ for mailing and handling the DRS transaction advice will be charged back to the participant directly by DTC, similar to the Direct Mail process. No DRS transaction advice will be mailed or forwarded to the Participant directly by DTC. However, DTC will receive an automated confirmation from the transfer agent that the DRS transaction advice has been processed and mailed and will notify the Participant.

#### Investor-Directed Sale

An Investor who has elected a DRS position instead of a physical certificate will be registered directly on the transfer agent's books. Under this option, if the investor subsequently sells the securities through a bank or broker-dealer, the investor would contact the agent to direct the movement of the DRS position to the investor's bank or broker-dealer. Upon receipt of this instruction, the agent will increase the depository position on its records and credit its agent account at DTC established for this purpose. The agent will also provide to DTC instructions to move the position by a book-entry delivery directly to the investor's bank or broker-dealer account at DTC. Systems modifications are now being made to identify these transactions as DRS deliver orders. New reason codes will be established for these transactions, and Participants will be notified when this is completed.

#### Action Required by Participants

DTC has recently conducted two forums with Participants, transfer agents, and service providers to discuss draft systems specifications for all components of DRS. Final specifications, along with a CCF user guide, are scheduled for distribution in mid-August. Participants are urged to plan for the implementation of these system modifications as a DRS pilot is expected to begin November 1996 with a gradual increase in the number of DRS-eligible issues by the end of the first quarter of 1997.

Please direct your questions to Al DeMalo, Director of Operations, at (212) 898-3171, Ronald Burns, Vice President of Operations, at (516) 227-4004, or your Participant Services representative.

Ronald J. Burns,

*Vice President, Operations.*

Exhibit B—The Depository Trust Company, Corporate Trust Services

#### Important Notice

July 26, 1996.

B#: 1505-96

TO: Transfer Agents and Issuers

SUBJECT: *Implementation of a Direct Registration System*

#### Background

In 1994, the Securities and Exchange Commission requested that the industry work to develop a "Direct Registration System" (DRS) process, in order to provide investors with additional approaches to holding their securities in certificateless form. Under DRS, investors electing to have their ownership of securities registered on the issuer's records

would be offered a choice between a registered certificate and a book-entry or "direct registration" position recorded on the books of the issuer's transfer agent. An investor electing a book-entry or DRS position would receive a "transaction advice" reporting creation of the position, as well as periodic account statements evidencing it. The investor would be able subsequently to arrange to have the DRS position transferred electronically to a bank or broker-dealer in connection with a sale or other disposition of the securities.

Over the last two years a joint committee of representatives of the Securities Transfer Association, the Securities Industry Association, and the Corporate Transfer Agents Association has met and agreed on the features of a Direct Registration System. As a result of those discussions, it is anticipated that the DRS alternative will be offered to investors on an initial group of "pilot" issues some time late in 1996 (most probably in November). Highlights of the proposed system follow.

#### Overview

##### Participation

The joint committee agreed that a transfer agent or issuer wishing to offer a DRS program to investors will need to establish a DRS Limited Participant account at DTC in order that it may from time to time effect a book entry transfer of securities held in the form of a DRS position (e.g., in connection with an investor sale of a DRS position through a depository Participant). A party wishing to open a Limited Participant account must (1) be registered as a transfer agent with the Securities and Exchange Commission, (2) participate as a transfer agent in DTC's Fast Automated Securities Transfer (FAST) program, (3) provide Direct Mail Service on transfers, (4) accept dividend reinvestment instructions from DTC on DRS program issues which offer dividend reinvestment, and (5) communicate with DTC through a computer-to-computer interface using DTC's CCF platforms. Certain of these requirements relate to the standards for an issue's DRS eligibility (as described below).

To establish a DRS Limited Participant account, please contact your Corporate Trust Services Agent Liaison.

##### Issue Eligibility

The joint committee agreed that only issues that are eligible under DTC's Fast program can be eligible for DRS. The joint committee also agreed that if the issue offers a dividend reinvestment plan (DRP), the plan must be open to DTC participation. FAST eligibility and DRP availability have been recommended by the committee to the SEC as criteria for an issuer's DRS program.

DRS agents and issuers must provide standard 30 to 60 day prior notification to DTC when planning to introduce DRS issues. Once an issue becomes eligible for DRS, Participants and Limited Participants will be notified by Important Notice, and a DRS indicator will be added to the Eligible Corporate Securities File. Parties wishing to make issues DRS eligible should contact DTC's Transfer Agent Services Department.

#### Process Overview

##### Transfers/Buys

As agreed by the joint committee, all automated Withdrawal-by-Transfer (WT) requests made by DTC Participants on DRS issues will be modified to include the following: DRS indicator, Participant account number, and Participant or correspondent broker name. A DTC Participant submitting a WT on a DRS-eligible issue will include in the "DRS indicator" field the appropriate code indicating whether the transferee wants a certificate issued or a DRS position established. The "account number" specified will be the transferee's account number at the submitting Participant or correspondent broker (so that the DRS agent or issuer can include this information on its records to associate the investor's DRS position with the submitting Participant or its correspondent), as the joint committee agreed should be done.

##### Transfer Advice/Notifications

When a customer requests that a DRS position be established, the DRS transaction advice should be mailed directly by the DRS agent or issuer to the customer. Upon instruction by the DRS agent or issuer, a fee (not to exceed 55¢) for mailing and handling the DRS transaction advice will be charged back to the DTC Participant directly by DTC, similar to the Direct Mail Centralized Billing process, and remitted, upon collection, to the DRS agent or issuer. DTC will not accept from DRS agents or issuers, nor mail to its Participants, any DRS transaction advices. However, DTC should receive an electronic confirmation from the DRS agent or issuer that the DRS transaction advice has been processed and mailed and DTC, in turn, will notify the Participant that the transaction was completed.

Direct-Mail return transmissions (DMAX/CF2DMX) will enable the DRS agent or issuer to inform DTC of the certificates issued and mailed in accordance with the Direct Mail indicator received as part of the WT transmission.

##### Investor-Directed Sale

An investor who has elected a DRS position instead of a physical certificate will be registered directly on the DRS agent's or issuer's books. Under this option, if the investor subsequently sells the securities through a bank or broker-dealer, the investor would contact the DRS agent or issuer to direct the movement of the DRS position to the investor's bank or broker-dealer. Upon receipt of this instruction, the DRS agent or issuer will increase the depository FAST position on its records and credit its Limited Participant account at DTC established for this purpose. The DRS agent or issuer will also provide to DTC instructions to move the position by a book-entry delivery from its DRS Limited Participant account directly to the investor's bank or broker-dealer account at DTC. Systems modifications are now being made to identify these transactions as DRS deliver orders. New reason codes will be established for these transactions, and all parties will be notified when this is completed.

**Next Steps**

DTC has recently conducted two forums with transfer agents, issuers, Participants, and service providers to discuss draft systems specifications for all components of DRS. Final specifications will be distributed shortly. All interested parties are urged to plan for the implementation of these system modifications as a DRS pilot is expected to begin November 1996 with a gradual increase in the number of DRS eligible issues by the end of the first quarter of 1997.

For your convenience, please direct your questions to the Corporate Trust Services staff listed on the attached schedule.

Ann Vece,

*Group Director, Corporate Trust Services.*

[FR Doc. 96-25923 Filed 10-8-96; 8:45 am]

BILLING CODE 8010-01-M

---

**OFFICE OF THE UNITED STATES  
TRADE REPRESENTATIVE**
**Notice of Meeting of the Trade and  
Environment Policy Advisory  
Committee**

**AGENCY:** Office of the United States Trade Representative.

**ACTION:** Notice that the October 9, 1996, meeting of the Trade and Environment Policy Advisory Committee will be held from 10:00 a.m. to 3:00 p.m. The meeting will be closed to the public from 10:00 a.m. to 2:30 p.m. and open to the public from 2:30 p.m. to 3:00 p.m.

**SUMMARY:** The Trade and Environment Policy Advisory Committee will hold a meeting on October 9, 1996, from 10:00 a.m. to 3:00 p.m. The meeting will be closed to the public from 10:00 a.m. to 2:30 p.m. The meeting will include a review and discussion of current issues affecting U.S. trade policy. Pursuant to Section 2155(f)(2) of Title 19 of the United States Code, I have determined that this portion of the meeting will be concerned with matters the disclosure of which would seriously compromise the development by the United States Government of trade policy, priorities, negotiating objectives or bargaining positions with respect to the operation of any trade agreement and other matters arising in connection with the development, implementation and administration of the trade policy of the United States. Those wishing to submit written comments on the meeting may submit them to Suzanna Kang, Office of the U.S. Trade Representative, 600 Seventeenth Street, N.W., Washington, D.C. 20508.

**DATES:** The meeting is scheduled for October 9, 1996, unless otherwise notified.

**ADDRESSES:** The meeting will be held at the Sheraton Carlton Hotel in the

Chandelier Room, located at 16th and K Streets, Washington, D.C., unless otherwise notified.

**FOR FURTHER INFORMATION CONTACT:** Suzanna Kang, Office of the United States Trade Representative, (202) 395-6120.

Charlene Barshefsky,

*Acting United States Trade Representative.*

[FR Doc. 96-25865 Filed 10-8-96; 8:45 am]

BILLING CODE 3190-01-M

---

**DEPARTMENT OF TRANSPORTATION**

[Docket No. 37554]

**Notice of Order Adjusting the Standard  
Foreign Fare Level Index**

Section 41509(e) of Title 49 of the United States Code requires that the Department, as successor to the Civil Aeronautics Board, establish a Standard Foreign Fare Level (SFFL) by adjusting the SFFL base periodically by percentage changes in actual operating costs per available seat-mile (ASM). Order 80-2-69 established the first interim SFFL, and Order 96-8-21 established the currently effective two-month SFFL applicable through September 30, 1996.

In establishing the SFFL for the two-month period beginning October 1, 1996, we have projected non-fuel costs based on the year ended June 30, 1996 data, and have determined fuel prices on the basis of the latest available experienced monthly fuel cost levels as reported to the Department.

By Order 96-10-6 fares may be increased by the following adjustment factors over the October 1979 level:

Atlantic—1.4919

Latin America—1.5593

Pacific—1.5101

**FOR FURTHER INFORMATION CONTACT:**

Keith A. Shangraw (202) 366-2439.

By the Department of Transportation.

Dated: October 3, 1996.

Patrick V. Murphy,

*Deputy Assistant Secretary for Aviation and International Affairs.*

[FR Doc. 96-25885 Filed 10-8-96; 8:45 am]

BILLING CODE 4910-62-P

---

**Federal Aviation Administration**
**Receipt of Revision No. 1 to Approved  
Noise Compatibility Program and  
Request for Review for Palm Springs  
Regional Airport, Palm Springs, CA**

**AGENCY:** Federal Aviation Administration, DOT.

**ACTION:** Notice.

**SUMMARY:** The Federal Aviation Administration (FAA) announces that it is reviewing a proposed revision to the approved noise compatibility program that was submitted for Palm Springs Regional Airport under the provisions of Title I of the Aviation Safety and Noise Abatement Act of 1979 (Public Law 96-193) (hereinafter referred to as "the Act") and 14 CFR Part 150 by the city of Palm Springs, California. This program was submitted subsequent to a determination by the FAA that the associated noise exposure maps submitted under 14 CFR Part 150 for Palm Springs Regional Airport were in compliance with applicable requirements effective November 28, 1994. The Noise Compatibility Program for Palm Springs Regional Airport was approved by the FAA on July 25, 1995. The proposed revision to the approved noise compatibility program will be approved or disapproved on or before March 26, 1997.

**EFFECTIVE DATE:** The effective date of the start of FAA's review of the noise compatibility program is September 27, 1996. The public comment period ends October 27, 1996.

**FOR FURTHER INFORMATION CONTACT:** David B. Kessler, Environmental Protection Specialist, AWP-611.2, Planning Section, Western-Pacific Region, Federal Aviation Administration, P.O. Box 92007, Worldway Postal Center, Los Angeles, California 90009-2007, Telephone 310/725-3615 Street Address: 1500 Aviation Boulevard, Hawthorne, California 90261. Comments on the proposed noise compatibility program should also be submitted to the above office.

**SUPPLEMENTARY INFORMATION:** This notice announces that the FAA is reviewing a proposed revision to the approved noise compatibility program for Palm Springs Regional Airport which will be approved or disapproved on or before March 26, 1997. This notice also announces the availability of this program for public review and comment.

An airport operator who has submitted noise exposure maps that are found by FAA to be in compliance with the requirements of Federal Aviation Regulations (FAR) Part 150, promulgated pursuant to Title I of the Act, may submit a noise compatibility program for FAA approval which sets forth the measures the operator has taken or proposes for the reduction of existing noncompatible uses and for the prevention of the introduction of additional noncompatible uses.

The FAA has formally received the proposed revision to the approved noise