

DRS must join Philadep as limited participants. In order for transfer agents to participate in this service, they must have certain electronic interfaces with Philadep, commonly known as fully automated securities transfer ("FAST") interfaces. After a transfer agent has requested that Philadep make an issue DRS eligible, Philadep will add a DRS indicator to its Security Profile On-Line ("SPOL") system to reflect that the issue is DRS eligible and to notify the respective participants accordingly.

To execute any withdrawal/transfer ("WT") activity, participants must supply Philadep with an appropriate code specifying a DRS account or a certificate. Absent the proper code, Philadep will not process these requests. Participants must use indicators to operate the automated WT file (1) to register positions on the books of the issuer, (2) to have a physical certificate issued, (3) to indicate that the submitting broker for the WT request is serving in a correspondent capacity (known as third party transfers) and (4) to reverse the prior DRS transaction.

When a transfer agent completes a WT request for a DRS issue, the transfer agent will return the certificate to Philadep according to the standard procedure for securities shipments. If the investor has requested that his position be held on the books of the issuer through DRS, the transfer agent will establish the position, will mail a transaction advice directly to the investor, and will confirm such activities to Philadep. Philadep will confirm to its participant that the account has been established and will provide the date and the DRS account number to such participant.

In the event that an investor wants to sell a DRS position, the transfer agent will provide the appropriate delivery order ("MDO") instructions and the proper reason code to move the position into the appropriate account at Philadep. If the receiving participant does not recognize the position, it may deliver the position back to the transfer agent's Philadep account. At the end of the processing day, Philadep will reverse the movement and will return all positions. Philadep will produce an activity report for all movements.

II. Discussion

Section 17A(a)(1)(A)⁶ of the Act sets forth Congress' findings that the prompt and accurate clearance and settlement of securities transactions, including the transfer of record ownership and the safeguarding of securities and funds related thereto, are necessary for the

protection of investors and persons facilitating transactions by and acting on behalf of investors. Section 17A(b)(3)(F) provides that the rules of a clearing agency must be designed to promote the prompt and accurate clearance and settlement of securities transactions.⁷

Currently, individual investors have the option of either holding a physical certificate or allowing broker-dealers to hold the securities for them in street name. Some investors do not want to hold through a broker-dealer because, among other reasons, of possible delays in receiving correspondences from issuers or because of fees that may be incurred by investors who do not make purchases and sales of securities on a regular basis. However, holding a physical certificate may slow or impede an investor's ability to deliver the security after the sale. By providing individual investors that do not want to have broker-dealers hold their securities for them in street name the option of holding in book-entry form on the books of the issuers and to subsequently have such positions transferred electronically to banks or broker-dealers in connection with the sales or other dispositions of the securities, the Commission believes that Philadep's DRS should help promote efficiencies in the prompt and accurate clearance and settlement of securities transactions and is consistent with Philadep's obligations under Section 17A.

Philadep 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 approving the proposed rule change prior to the thirtieth day after the date of publication because accelerated approval will allow Philadep to implement its DRS pilot program on its scheduled date of November 11, 1996.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 17A of the Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-Philadep-96-16) be and hereby is approved.

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

Margaret H. McFarland,
Deputy Secretary.

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SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster Loan Area #2907; Amendment #1]

Florida; and Contiguous Counties in Georgia; Declaration of Disaster Loan Area

In accordance with a notice from the Federal Emergency Management Agency, dated November 8, 1996, the above-named Declaration is hereby amended to establish the incident period for this disaster as beginning on October 7, 1996 and continuing through October 22, 1996.

All other information remains the same, i.e., the deadline for filing applications for loans for physical damages is December 14, 1996; and for economic injury the deadline is July 15, 1997.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008)

Dated: November 12, 1996.

Herbert L. Mitchell,
Acting Associate Administrator for Disaster Assistance.

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[Declaration of Disaster Loan Area #2911; Amendment #1]

New Hampshire; Declaration of Disaster Loan Area

In accordance with a notice from the Federal Emergency Management Agency, dated November 12, 1996, the above-named Declaration is hereby amended to establish the incident period as beginning October 20, 1996 and continuing through October 26, 1996.

All other information remains the same, i.e., the termination date for filing applications for loans for physical damages may be filed until the close of business on December 28, 1996, and for loans for economic injury until the close of business on July 29, 1997.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008)

Dated: November 14, 1996.

James Rivera,
Acting Associate Administrator for Disaster Assistance.

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⁶ 15 U.S.C. § 78q-1(a)(1)(A) (1988).

⁷ 15 U.S.C. § 78q-1(a)(3)(F) (1988).

⁸ 17 CFR 200.30-3(a)(12) (1996).