

using one or more intermediate special purpose subsidiaries (collectively, "PSCo Subs"). As special purpose subsidiaries to be formed for the primary purpose of acquiring an interest in Foreign Utility, PSCo Subs will derive no income from United States operations and will not be public-utility company operating in the United States. PSCo Subs will not engage in any business other than the acquisition of Foreign Utility, supervision of PSCo's investments in Foreign Utility and the participation in the management and operations of Foreign Utility.

PSCo states that it will not seek recovery through higher rates to its customers or the customers of its public-utility subsidiary, Cheyenne Light, Fuel and Power Company ("CLF&P"), to compensate it for any possible loss that it might sustain by reason of the proposed Foreign Utility investment or for any inadequate returns on such investment. PSCo has further undertaken to apply to the Colorado Public Utilities Commission and CLF&P has undertaken to apply to the Wyoming Public Service Commission, which have jurisdiction over the respective companies' retail electric and gas rates, for certification that each commission has the authority and resources to protect ratepayers subject to its jurisdiction and that it intends to exercise its authority in connection with the proposed Foreign Utility investment. PSCo represents that its domestic utility operations will be fully separated from its foreign operations.

As a result of the proposed acquisition, Foreign Utility will be a public-utility subsidiary of PSCo within the meaning of section 2(a)(8) of the Act. PSCo requests an unqualified order under section 3(b) of the Act exempting Foreign Utility from all provisions of the Act applicable to it as a subsidiary company of PSCo. The application states that, if an unqualified exemption under section 3(b) is granted, the PSCo Subs will rely upon the exemption provided by rule 10(a)(1) under the Act with respect to Foreign Utility, and PSCo will rely upon rule 11(b)(1) to provide an exemption from the approval requirements of sections 9(a)(2) and 10 to which it would otherwise be subject.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,  
*Deputy Secretary.*

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## Sunshine Act Meeting

### Agency Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following open meeting during the week of January 27, 1997.

An open meeting will be held on Tuesday, January 28, 1997, at 10:00 a.m., in Room 1C30. The closed meeting, previously announced in 62 FR 3546, January 23, 1997, will follow the open meeting.

The subject matter of the open meeting scheduled for Tuesday, January 28, 1997, at 10:00 a.m., will be:

Consideration of whether to issue a release adopting amendments to revise Rule 4-08 of Regulation S-X to provide for specific disclosures of accounting policies for certain derivative instruments and to add Item 305 to Regulation S-K to provide for disclosure of market risk information related to certain derivative and other instruments. For further information, please contact Russell Mallett in the Office of the Chief Accountant at (202) 942-4400.

Commissioner Wallman, as duty officer, determined that no earlier notice thereof was possible.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact: The Office of the Secretary at (202) 942-7070.

Dated: January 24, 1997.

Jonathan G. Katz,  
*Secretary.*

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[Release No. 34-38186; File No. SR-DTC-96-21]

## Self-Regulatory Organizations; The Depository Trust Company; Order Granting Approval of a Proposed Rule Change Relating to the Reversal of Reclamations by Issuing and Paying Agents

January 21, 1997.

On November 5, 1996, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-DTC-96-21) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").<sup>1</sup> Notice of the proposal was published in the Federal Register on December 6, 1996.<sup>2</sup> No comment letters

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

<sup>2</sup> Securities Exchange Act Release No. 38007 (December 2, 1996), 61 FR 64774.

were received. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

### I. Description

The rule change offers a new service that will allow issuing and paying agents ("IPA") to direct DTC to reverse all matched reclamations for a particular program which are made after 3:00 p.m. and which are attributable to issuer failure. Under DTC's money market instruments ("MMIs") program, IPAs act as agents for MMI issuers. As such, IPAs issue MMIs on the issuers' behalf, and DTC automatically processes income and maturity payments to the IPAs' accounts. Both the credits generated from the issuances and the debits generated from income and maturity payments are netted into the IPA's DTC settlement obligation.

An IPA may issue MMIs and make periodic payments of income, redemption, or other proceeds on MMIs upon presentment throughout the day. An IPA is able to reverse issuances and payments for a particular program in the event of an issuer's failure by giving notice to DTC by 3:00 p.m. of the IPA's refusal to pay. This reversal mechanism is designed to make the MMI market more efficient by allowing IPAs to make issuances and payments throughout the day with respect to a particular MMI program while providing the IPAs with the protection of being able to reverse until 3:00 p.m. these issuances and payments in the event that it becomes apparent that an issuer will be unable to honor its obligation under a particular MMI program.<sup>3</sup> If this mechanism were not in place, an IPA would have to wait until it received funds from an issuer before making any payments to avoid taking the credit risk and being potentially at risk for the funds it had distributed throughout the day. This process permits participants having positions in the MMIs to use credits for payments on the MMIs throughout the day.<sup>4</sup>

To facilitate the conversion to the same day funds settlement ("SDFS"), DTC implemented a new processing schedule. As part of the new processing schedule, DTC introduced an extended

<sup>3</sup> The refusal to pay deadline was set at 3:00 p.m. by the industry during the period when deliveries of MMIs were made physically.

<sup>4</sup> Currently, throughout the processing day a participant is allowed to use all payment credits it has received that day in connection with MMI programs, other than the single largest net payment, in order to meet its net debit cap and collateral monitor requirements.