investment company margin under the rule.[2]

The only paperwork burden of the rule consists of meeting the rule's contract requirements. The Commission estimates that after the first year, 2,000 investment companies will spend an average of 1 hour complying with the contract requirements of the rule (e.g., signing contracts with additional FCMs), for a total of 2,000 burden hours. The Commission estimates that each of the 241 FCMs eligible to hold investment company margin under the rule will spend 2 hours complying with the rule's contract requirements, for a total of 482 burden hours. The total annual burden for the rule are estimated to be 2,482 hours.

Rule 2a19–1 under the Act provides that investment company directors will not be considered interested persons, as defined by section 2(a)(19) of the Act, solely because they are registered broker-dealers or affiliated persons of registered broker-dealers, provided that the broker-dealer does not execute any portfolio transactions for the company's complex, engage in any principal transactions with the complex or distribute shares for the complex for at least six months prior to the time that the director is to be considered not to be an interested person and for the period during which the director continues to be considered not to be an interested person. The rule also requires the investment company's board of directors to determine that the company would not be adversely affected by refraining from business with the broker-dealer. In addition, the rule provides that no more than a minority of the disinterested directors of the company may be registered broker-dealers or their affiliates.

Before the adoption of rule 2a19–1, many investment companies found it necessary to file with the Commission applications for orders exempting directors from section 2(a)(19) of the Act. Rule 2a19–1 is intended to alleviate the burdens on the investment company industry of filing for such orders in circumstances where there is no potential conflict of interest. The conditions of the rule are designed to indicate whether the director has a stake in the broker-dealer's business with the company such that he or she might not be able to act independently of the company's management.

It is estimated that approximately 3,200 investment companies may choose to rely on the rule, and each investment company may spend one hour annually compiling and keeping records related to the requirements of the rule. The total annual burden associated with the rule is estimated to be 3,200 hours.

Rule 17f–2, under the Act, established safeguards for arrangements in which a registered management investment company is deemed to maintain custody of its own assets, such as when the fund maintains its assets in a facility that provides safekeeping but not custodial services. The rule includes several recordkeeping or reporting requirements. The funds directors must prepare a resolution designating not more than five fund officers or responsible employees who may have access to the fund's assets. The designated access persons (two or more of whom must act jointly when handling fund assets) must prepare a written notation providing certain information about each deposit or withdrawal of fund assets, and must transmit the notation to another officer or director designated by the directors. Independent public accountants must verify the fund's assets without prior notice to the fund twice each year.

The requirement that directors designate access persons is intended to ensure that directors evaluate the trustworthiness of insiders who handle fund assets. The requirements that access persons act jointly in handling fund assets, prepare a written notation of each transaction, and transmit the notation to another designated person are intended to reduce the risk of misappropriation of the fund assets by access persons, and to ensure that adequate records are prepared, reviewed by a responsible third person, and available for examination by the Commission.

The Commission estimates that approximately 110 funds rely upon the rule (and that each fund offers an average of two separate series or portfolios subject to the rule). It is estimated that each fund spends approximately 2 hours annually in drafting pertinent resolutions by directors, 24 hours annually in preparing transaction notations, and 100 hours annually in performing unscheduled verifications of assets. Therefore, the total annual burden associated with this rule is estimated to be 13,860 hours.

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, N.W., Washington, DC 20549.

Dated: July 3, 1997.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–18454 Filed 7–14–97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[File No. 1–12748]

Issuer Delisting; Notice of Application To Withdraw From Listing and Registration (Chesapeake Biological Laboratories, Inc., Class A Common Stock, $.01 Par Value)

July 9, 1997.

Chesapeake Biological Laboratories, Inc. (''Company'') has filed an application with the Securities and Exchange Commission (''Commission''), pursuant to Section 12(d) of the Securities Exchange Act of 1934 (''Act'') and Rule 12d2–2(d) promulgated thereunder, to withdraw the above specified security (''Security'') from listing and registration on the Emerging Company Marketplace of the American Stock Exchange, Inc. (''Amex'').

The reasons cited in the application for withdrawing the Security from listing and registration include the following:

According to the Company, the Board of Directors unanimously approved a resolution on April 23, 1997 to withdraw the Company's Security from listing on the Emerging Company Marketplace of the Amex in order to move to the Nasdaq Stock Market National Market. The Company desires to delist its Security as it could not justify the increased expenses and administrative requirements associated with a dual listing. The Security was listed on Nasdaq effective May 27, 1997.

The Company has complied with the Rules of the Amex by notifying the Amex of its intention to withdraw its Common Stock from listing on the

[2] Commodity Futures Trading Commission, Annual Report (1996).

Exchange by letter dated May 1, 1997. The Amex has notified the Company, by letter dated May 1, 1997, that it would not interpose any objection to the Company's appreciation to delist its Security.

Any interested person may, on or before July 30, 1997, submit by letter to the Secretary of the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, facts bearing upon whether the application has been made in accordance with the rules of the exchange and what terms, if any, should be imposed by the Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application after the date mentioned above, unless the Commission determines to order a hearing on the matter.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 97–18516 Filed 7–14–97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–38820; File No. SR–DTC–97–05]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of a Proposed Rule Change Relating to the Establishment of Procedures to Distinguish Repurchase Transactions and Other Financing Transactions From Securities Pledges

July 7, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on May 14, 1997, The Depository Trust Company (''DTC'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change (File No. SR–DTC–97–05) 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 amends DTC's Collateral Loan Program (''CLP'') procedures[2] to enable DTC's participants to distinguish repurchase transactions (''repos'') and other types of financing transactions from pledges of securities.

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.[3]

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

According to DTC, many of its participants use the CLP to effect repurchase transactions (''repos''). The CLP's current procedures do not differentiate between a securities transaction that involves the transfer of the entire interest in securities (*i.e.*, as in a repo transaction) from a securities transaction that involves the transfer of a security interest or other limited interest in the securities (*i.e.*, a pledge).

The proposed rule change implements procedures that allow DTC's participants to distinguish repos or other types of financing transactions from pledges of collateral. Under the proposed rule change, any organization that is eligible to establish a pledgee account (*i.e.*, ''receiver'') at DTC may establish a repo account. Consequently, a participant engaging in a repo or other type of financing transaction will be able to deliver securities to the receiver's repo account instead of the receiver's pledgee account. DTC will deem instructions to deliver securities to a repo account as instructing DTC to transfer to the receiver the entire interest in the securities and not just a security interest or other limited interest.

According to DTC's proposed procedures for repo accounts, the operation of a repo account will be identical to the operation of a pledgee account. As with a pledgee account: (1) The voting rights on securities credited to a repo account will be assigned to the participant that delivered the securities to the repo account; (2) cash dividend and interest payments and other cash distributions on the securities will be credited to the account of the delivering participant; (3) distributions of securities for which the ex-distribution date is on or prior to the payable date or in which the distribution is payable in a different security will be credited to the account of the delivering participant; and (4) any stock splits or other distributions of the same securities for which the ex-distribution date is after the payable date will be credited to the repo account of the receiver. Also, the reports and statements that DTC sends to participants and receivers for transactions involving repo accounts will be the same as the reports that DTC generates for a pledgee account except that such reports and statements will carry a repo account number.

DTC will accept instructions solely from a receiver with respect to the disposition of securities credited to the receiver's repo account. The receiver may instruct DTC to deliver securities credited to its repo account to its DTC participant account if the receiver is also a DTC participant or to any other DTC participant account. Any receiver that instructs DTC to deliver securities credited to its repo account to another receiver or to a DTC participant other than the original delivering participant will be required to provide DTC with certain warranties and must indemnify DTC, its stockholders, and certain employees against potential liability.

DTC believes that the proposed rule change is consistent with the requirements of Section 17A(b)(3)(F) of the Act[4] and the rules and regulations thereunder because it will facilitate the processing of repo and other types of financing transactions through DTC's facilities and therefore, is consistent with DTC's obligations to safeguard securities and funds in DTC's custody or control or for which it is responsible.

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

DTC perceives no adverse 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

The proposed rule change was developed through discussions with

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

[2] A copy of DTC's procedures for repo accounts is attached as Exhibit 2 to DTC's proposed rule change, which is available for inspection and copying at the Commission's Public Reference Room or through DTC.

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

[4] 15 U.S.C. 78q–1(b)(3)(F).