

proposed rule change from interested persons.

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 amend DCC's fees for the settlement of repurchase and reverse repurchase agreement ("repo") transactions involving U.S. Treasury 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, DCC 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. DCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

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

The purpose of the proposed rule change is to amend DCC's fees for the settlement of repo transactions on U.S. Treasury securities. Previously, DCC's fees for the settlement of repo transactions on U.S. Treasury securities were the greater of either \$9.00 per ticket, which included both the on-leg and off-leg deliveries, or a percentage of the notional amount of the trade based on the term of the trade. The specific percentages were: (1) for trades up to fifteen days in length, one-half basis point per million per day; (2) for trades from fifteen to thirty-five days in length, one-third basis point per million per day; and (3) for trades greater than thirty-five days in length, one-fifth basis point per million per day.³

DCC's new fee schedule will establish two sets of fees based on whether the trade is over or under thirty-five days in length. For trades under thirty-five days in length, participants will be charged \$1.30 for each of the on-leg and off-leg deliveries. Participants also will be charged all out-of-pocket charges incurred with each delivery including charges by Federal Reserve banks for delivery of securities through FedWire; charges by DCC's clearing bank, the

Bank of New York, for delivery of securities; and money wire charges.⁴ DCC will charge participants that request substitutions \$1.30 for each substitution.

For trades thirty-five days in length and longer, participants will be charged one-fifth basis point per million per day of the notional amount of the trade. Participants will not be charged for out-of-pocket expenses or for substitutions.

Interdealer brokers will be charged \$1.50 for all trades submitted to DCC. This fee covers both on-date and off-date deliveries and both delivery of securities by the repo party to DCC and delivery of securities by DCC to the reverse repo party.

DCC believes that the proposed rule change complies with Section 17A(b)(3)(D) of the Act⁵ which requires that the rules of a registered clearing agency provide for equitable allocation of reasonable dues, fees, and other charges for services which it provides to its participants. DCC believes that the proposed rule change will result in increased utilization of its clearing services thereby resulting in more securities transactions being cleared and settled through a registered clearing agency environment.

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

DCC does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments were neither solicited nor received.

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

Because the foregoing rule change establishes or changes a due, fee, or other charge imposed by DCC, it has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act⁶ and Rule 19b-4(e)(2) thereunder.⁷ At any time within

⁴ Money wire charges are charges by Federal Reserve banks or the Bank of New York for money transfers where DCC nets two security deliver obligations against one another resulting only in a net payment of money. In general, Federal Reserve banks and the Bank of New York do not charge for the transfer of funds on a delivery versus payment transaction but do charge for the transfer of funds in transactions where two delivery obligations are netted resulting only in a net payment of money.

⁵ 15 U.S.C. 78q-1(b)(3)(D).

⁶ 15 U.S.C. 78s(b)(3)(A)(ii).

⁷ 17 CFR 240.19b-4(e)(2).

sixty days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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 Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing also will be available for inspection and copying at the principal office of DCC. All submissions should refer to File No. SR-DCC-97-07 and should be submitted by August 13, 1997.

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

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38848; File No. SR-DTC-97-06]

Self-Regulatory Organizations; the Depository Trust Company; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the Processing of Cent-Denominated Securities

July 17, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on May 16, 1997, The Depository Trust Company ("DTC") filed with the

⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² The Commission has modified the text of the summaries prepared by DCC.

³ Securities Exchange Act Release No. 38334 (February 24, 1997), 62 FR 9472 [File No. SR-DCC-97-01].

Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-DTC-97-06) 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 purpose of the proposed rule change is to modify the way DTC processes cent-denominated 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 that 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.²

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

DTC began processing cent-denominated securities in January, 1997.³ Participants depositing cent-denominated securities received credit for the whole dollar amount of the deposit. But the cents portion of the aggregate dollar figure for the deposited securities was truncated. The truncated amounts were collected in an internal DTC account and along with any income derived therefrom became part of DTC's general revenues. DTC now has developed the capability to credit the cents positions resulting from deposits or principal and income payments to a participant's account. These cents positions will be maintained in a contra-CUSIP account and will be eligible for various DTC services including deposit, withdrawal, and rush withdrawal services. DTC proposes to track cent-denominated securities in the manner described above so that its records may more accurately reflect the true

² The Commission has modified the text of the summaries submitted by DTC.

³ Securities Exchange Act Release No. 36798 (January 31, 1996), 61 FR 4692 [File No. SR-DTC-95-14] (order approving proposed rule change which made fractional shares and cent-denominated securities depository eligible at DTC).

ownership of cent-denominated positions.

DTC believes that the proposed rule change is consistent with the requirements of section 17A(b)(3)(A) of the Act⁴ and the rules and regulations thereunder because it will promote efficiencies in the clearance and settlement of securities transactions.

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

DTC does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, in the public interest, and for the protection of investors.

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

While most DTC participants recognize the benefits of tracking cents in a contra-CUSIP account, some participants have expressed concern with the new tracking method because participants will be required to make programming changes in order to use the new system. As a result, DTC has made participation in the cent-denominated program voluntary so that participants that must make systems changes to use the new program may have sufficient time to do so.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(3)⁵ of the Act and Rule 19b-4(e)(4)⁶ promulgated thereunder because the proposal effects a change in an existing service of DTC that does not adversely affect the safeguarding of securities or funds in the custody or control of DTC or for which it is responsible and does not significantly affect the respective rights or obligations of DTC or persons using the service. At any time within 60 days of the filing of such proposed rule change the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

⁴ 15 U.S.C. 78q-1.

⁵ 15 U.S.C. 78s(b)(3)(A)(3).

⁶ 17 CFR 240.19b-4(e)(4).

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, 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 DTC. All submissions should refer to the file number SR-DTC-97-06 and should be submitted by August 13, 1997.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38846; International Series Release No. 1092; File No. SR-ISCC-96-05]

Self-Regulatory Organizations; International Securities Clearing Corporation; Order Approving Proposed Rule Change Relating to Election of Directors

July 17, 1997.

On October 11, 1996, the International Securities Clearing Corporation ("ISCC") filed with the Securities and Exchange Commission ("Commission") pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and on October 17, 1996, December 11, 1996, March 21, 1997, and May 8, 1997, filed amendments to a proposed rule change (File No. SR-ISCC-96-05). Notice of the proposal was published in the **Federal Register**

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).