

exercise of employee benefit plan stock options by family members of employee optionees; and (c) make Form S-3 available to register securities to be received upon the exercise of outstanding warrants and options, whether or not transferable. The Commission also will consider proposing further amendments to Form S-8 designed to deter abuse of that form to register securities for capital-raising or promotional purposes. For further information, please contact Anne Krauskopf at (202) 942-2900.

(3) Consideration of whether to repropose amendments to Rule 15c2-11 under the Securities Exchange Act of 1934. Rule 15c2-11 governs the publication of quotations by broker-dealers for over-the-counter securities. For further information contact: Irene A. Halpin or Florence E. Harmon at (202) 942-0772. At times, changes in Commission priorities require alterations in the schedule 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: February 12, 1999.

**Jonathan G. Katz,**

*Secretary.*

[FR Doc. 99-3950 Filed 2-12-99; 11:14 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meeting

"FEDERAL REGISTER" CITATION OF PREVIOUS ANNOUNCEMENT: [To Be Published].

STATUS: Open Meeting.

PLACE: 450 Fifth Street, N.W. Washington, D.C.

DATE PREVIOUSLY ANNOUNCED: .

CHANGE IN THE MEETING: Additional Item.

The following item will be added to the open meeting scheduled for Friday, February 19, 1999, at 10:00 a.m.:

Consideration of whether to adopt revisions to Rule 504 of the Securities Act to limit the circumstances where general solicitation is permitted and freely tradable securities may be issued in reliance on the rule. These amendments are part of the Commission's comprehensive agenda to deter microcap fraud. For further information, please contact Richard K. Wulff or Barbara C. Jacobs at (202) 942-2950.

Commissioner Hunt, as duty officer, determined that Commission business

required the above change and 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 (202) 942-7070.

Dated: February 12, 1999.

**Jonathan G. Katz,**

*Secretary.*

[FR Doc. 99-4026 Filed 2-12-99; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41032; File No. SR-DTC-99-01]

### Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change Allowing DTC to Charge a Low Volume Tender Offer Processing Fee

February 9, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on February 1, 1999, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-DTC-99-01) as described in Items I and II below, which items have been prepared primarily by DTC.<sup>2</sup> The Commission is publishing this notice and order to solicit comments from interested persons and to grant accelerated approval of the proposed rule change.

#### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change will allow DTC to charge a processing fee of \$2,700 in connection with low volume tender offers processed through DTC's facilities.<sup>3</sup> The low volume tender offer processing fee will be payable by the offeror in advance of DTC's processing the offer.

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

<sup>2</sup> On February 5, 1999, DTC supplemented the proposed rule change. Letter from Carl H. Urist, Deputy General Counsel, DTC (February 5, 1999).

<sup>3</sup> A low volume tender offer is an offer in which the offeror is seeking to purchase for cash up to 5% of the outstanding shares of an equity issue or any amount of a debt issue. Low volume tender offers do not include exchange offers or offers by the issuer of the target security.

#### 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>4</sup>

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

When DTC receives offering materials from an offeror making a tender offer, DTC first reviews the materials to ascertain the basic terms of the offer such as the target security, the identities of the offeror and its agent, the offer price, and any limitations on the quantity of the securities to be purchased. DTC also discusses the terms of the offer with the offeror or its agent. If DTC determines that the offer can be processed through its facilities, DTC announces the offer to its participants by entering the basic terms of the offer into DTC's Reorganization Inquiry for Participants service, an electronic announcement system. DTC and the offeror's agent enter into an agreement to make the offer eligible for the processing of acceptances by participants at DTC through DTC's Automated Tender Offer Program.

In charging fees in connection with tender offers, DTC's overall objective is to recover the cost of processing the offers. At present, DTC recovers its costs in processing a tender mostly through the fees paid by its participants when they accept the offer. The fee for accepting a tender at DTC is currently \$31.10 per acceptance submitted by a participant. (DTC will soon propose revisions to its fee schedule, and the tender offer acceptance fee will increase to \$32.30.) Participants have been willing to pay DTC's tender offer acceptance fee because of the efficiencies and cost savings for participants that result from accepting tender offers by book-entry delivery at DTC instead of through the delivery of physical certificates outside of DTC.

In the 2,127 tender offers processed by DTC in 1997 (which included 39 low volume tender offers), participants submitted an average of 85 acceptances

<sup>4</sup> The Commission has modified the text of the summaries prepared by DTC.

in each offer. The fees paid by the participants that submitted acceptances in those offers covered DTC's costs in processing the offers. Recently, DTC has processed an increased number of low volume tender offers.<sup>5</sup> In the 170 low volume tender offers processed by DTC in the month of December 1998, participants submitted an average of only 1.5 acceptances in each offer. As a result, the fees paid by the participants that submitted acceptances in those low volume tender offers fell short of covering DTC's costs in processing the offers.

In order to recover its costs in processing low volume tender offers, DTC will require an offeror making such an offer to pay the low volume tender offer processing fee of \$2,700 to DTC before DTC announces the offer to its participants or conducts any other processing activities for the offer. The proposed low volume tender offer processing fee of \$2,700 is intended to make up for the current difference in revenues to DTC between regular tender offers and low volume tender offers. The low volume tender offer processing fee plus participants' tender offer acceptance fees from the average of 1.5 acceptances in low volume tender offers should approximately equal participants' tender offer acceptance fees from the average of 85 acceptances in regular tender offers. The fee, which can be paid by certified check or by wire payment, will apply to each security issue for which the offer is making a low volume tender offer. DTC will continue to charge the tender offer acceptance fee to any participants who submit acceptances in such offers.

DTC will apply the low volume tender offer processing fee to all low volume tender offers that DTC announces on or after the date of this order. However, if DTC receives more than \$27,000 from the tender offer acceptance fees paid by participants in a low volume tender offer, DTC will refund the entire low volume tender offer processing fee of \$2,700 to the offeror after the conclusion of the offer.

DTC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act<sup>6</sup> and the rules and regulations thereunder applicable to DTC since the low volume tender offer fee equitably charges most of DTC's costs in processing such offers to the offerors making the offers and not to DTC's

participants, which rarely submit acceptances in such offers.

*(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*

Written comments from DTC participants or others have not been solicited or received on the proposed rule change.

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

Section 17A(b)(3)(D) of the Act<sup>7</sup> requires that the rules of a clearing provide for the equitable allocation of reasonable dues, fees, and other charges among its participants. The Commission believes that the proposed rule change is consistent with DTC's obligations under the Act because the low volume tender offer processing fee should allow DTC to more equitably allocate and recover its costs in processing low volume tender offers.

The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing. Approving prior to the thirtieth day after publication of notice will allow DTC to immediately implement the low volume tender offer acceptance fee which should allow DTC to immediately avoid incurring unrecovered processing costs that would otherwise be passed on to its participants.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 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, NW, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of DTC. All submissions should refer to File No. SR-DTC-99-01 and should be submitted by March 10, 1999. *It is therefore ordered*, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-DTC-99-01) be, and hereby is, approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 99-3772 Filed 2-16-99; 8:45 am]

BILLING CODE 8010-01-M

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-41022; File No. SR-GSCC-99-01]

**Self-Regulatory Organizations; Government Securities Clearing Corporation; Notice of Filing of a Proposed Rule Change Regarding the Expansion of GSCC's GCF Repo Service**

February 5, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on January 27, 1999, the Government Securities Clearing Corporation ("GSCC") 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 GSCC. The Commission is publishing this notice to solicit comments from interested persons on the proposed rule change.

**I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change**

The proposed rule change will expand GSCC's GCF Repo service to allow participating dealers to engage in GCF Repo trading with participating dealers that use different clearing banks.<sup>2</sup>

<sup>8</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> The complete text of the proposed rule change is attached as Exhibit A to GSCC's filing, which is available for inspection and copying at the Commission's public reference room and through GSCC.

<sup>5</sup> In 1997, DTC processed 39 low volume tender offers, in 1998, DTC processed 537 low volume tender offers. To date in 1999, DTC has received offering materials for over 300 low volume tender offers.

<sup>6</sup> 15 U.S.C. 78q-1.

<sup>7</sup> 15 U.S.C. 78q-1(b)(3)(D).