

meeting on June 21, 2000, 9 a.m., at the Board's meeting room on the 8th floor of its headquarters building, 844 North Rush Street, Chicago, Illinois, 60611. The agenda for this meeting follows:

- (1) Report on the Quality Audit of the Railroad Retirement Board Occupational Disability Process
- (2) Medicare Transition

The entire meeting will be open to the public. The person to contact for more information is Beatrice Ezerski, Secretary to the Board, Phone No. 312-751-4920.

Dated: June 12, 2000.

Beatrice Ezerski,

Secretary to the Board.

[FR Doc. 00-15244 Filed 6-13-00; 10:25 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42912; File No. SR-DTC-99-6]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Proposed Rule Change Relating to the Establishment of a Matured Book-Entry Only Certificate Destruction Service

June 8, 2000.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on October 25, 1999, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-DTC-99-6) 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 from interested persons.

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

DTC proposes to establish a matured book-entry-only ("BEO") certificate destruction service.

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

Under DTC's current practices, shortly before a debt security held by DTC matures DTC sends to the redemption agent:³ (i) A DTC "letter of transmittal;" (ii) a DTC "redemption payment summary form;" and (iii) the certificate(s) that represent the maturing issue. This procedure is in place for issues that are evidenced both by non-engraved certificates (typically, BEO securities) and by engraved certificates. In 1998, DTC shipped to redemption agents certificates representing over \$100 billion in almost 40,000 maturing BEO debt issues.

Under its current process, DTC removes the securities certificate(s) from its vault and delivers the certificate(s) to a commercial courier service that in turn delivers the certificates to the redemption agent. There, the certificates are processed in accordance with the redemption agent's individual policies and practices. Historically, some agents have contracted with commercial vendors for the physical destruction of such certificates.

Under DTC's proposed rule change, DTC will offer a new optional service to redemption agents under which DTC will destroy the BEO certificates in lieu of shipping the certificates to the redemption agent.⁴ Redemption agents that wish to use this new service will deliver to DTC an executed "matured BEO certificate destruction request."⁵ DTC will continue to present the DTC "letter of transmittal" and the DTC "redemption payment summary form" but not the BEO certificate(s) to the redemption agent in advance of the issue's maturity. In addition, DTC will present to the agent a "notice of destruction"⁶ stating that DTC intends

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

³ For the majority of maturing debt securities, the transfer agent is also the redemption agent. Sometimes the issuer itself will serve as the redemption agent or will appoint a third party other than the transfer agent to serve as the redemption agent.

⁴ At this time, DTC will offer this service only for non-engraved BEO certificates.

⁵ A copy of the "matured BEO certificate destruction request" is set forth as Exhibit B of DTC's proposed rule change, which is available through the Commission's Public Reference Branch or through DTC.

⁶ A copy of the "notice of destruction" is set forth as Exhibit C of DTC's proposed rule change, which

to destroy the BEO certificate(s) in accordance with the procedures set forth in this rule filing as they may be amended from time to time. If the redemption agent requests in writing in a timely manner that DTC not destroy the certificates, DTC will honor the agent's request.

The matured BEO securities certificates will be physically destroyed on DTC's premises only after: (i) DTC has received the redemption proceeds in full and (ii) an additional thirty days has expired subsequent to DTC's receipt of such proceeds. Authorized DTC personnel will oversee and witness the destruction of the canceled certificates. DTC will maintain detailed ledger control over the BEO certificates through the point of destruction. An accurate record of all canceled certificates will be maintained, searchable by date of cancellation. Prior to destruction, the maturing securities certificates will be microfilmed or imaged by DTC. DTC will retain the microfilm or computer images of these BEO certificates for ten years following destruction of the certificates, and for the first six months DTC will maintain the microfilm or computer images in a place that is easily accessible by authorized DTC personnel.⁷ Copies of the microfilm (at no fee) or eventually images (at a fee) will be available to the redemption agent during the ten years following destruction. DTC will be liable for gross negligence and willful misconduct.

As a result of this new service, once deposited in DTC, such BEO securities certificates will never have to be physically removed from DTC's vault. They would, therefore, be maintained in a secure location that does not allow access to the public or unauthorized personnel. Additionally, by centralizing the destruction of matured BEO debt securities certificates, DTC will provide uniform and consistent controls and procedures (as well as physical safeguards) for all such certificates in the U.S. capital market.

DTC believes that this new service will also reduce expenses and risks to

is available through the Commission's Public Reference Branch or through DTC.

⁷ DTC has informed the Commission's staff that for the time period that such microfilm records must be maintained, whether by DTC or by a third party on behalf of DTC, such records will: (1) Be available at all times for examination by the Commission and the appropriate regulatory agency for immediate, easily readable projection/enlargement of the microfilm; (2) be arranged and indexed in a manner that permits immediate location of any particular record; (3) be immediately provided upon request by the Commission or appropriate regulatory agency; and (4) be copied and stored separately from the original microfilm records.

¹ 15 U.S.C. 78s(b)(1).

DTC and to the industry. DTC will eliminate the shipping cost, insurance cost, and risk associated with shipping these certificates via commercial couriers from DTC to the redemption agent. In addition, DTC's destruction of the matured BEO certificates will provide the industry with economies of scale for destruction and recordkeeping related to matured BEO certificates.

DTC believes that the proposed rule change is consistent with the requirements of Section 17A(b)(3)(A) of the Act and the rules and regulations thereunder applicable to DTC in that it promotes the safeguarding of 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 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

DTC has discussed this rule change proposal in its current form orally with various DTC participants and transfer agents. A number of those consulted have expressed interest in the proposed service.

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

Within thirty-five days of the date of publication of this notice in the **Federal Register**, or within such longer period: (i) As the Commission may designate up to ninety days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which DTC consents, the Commission will:

(a) By order approve such proposed rule change or

(b) Institute proceedings to determine whether the proposed rule change should be disapproved.

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 20549-0609. 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, NW, Washington, DC. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to the File No. SR-DTC-99-6 and should be submitted by July 6, 2000.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-15126 Filed 6-14-00; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42911; File No. SR-GSCC-00-06]

Self-Regulatory Organizations; Government Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Suspension of the Discount in Fee Structure

June 8, 2000.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on June 5, 2000, 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 on the proposed rule change from interested parties.

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

The proposed rule filing suspends GSCC's discount for comparison and netting fees for buy-sell transactions.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for the Proposed Rule Change

In its filing with the Commission, GSCC 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. GSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.²

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

Recently, GSCC's Board and Management reviewed the results of a study of GSCC's fee structure, the fundamental part of which has remained unchanged since the inception of netting in 1989. In response to this review, GSCC has determined it appropriate to temporarily suspend its discount for comparison and netting fees for buy-sell transactions, effective as of July 3, 2000.

The current discount was implemented in 1995 and resulted in a 10 percent reduction in the fees charged to members for comparison and netting of their buy-sell transactions. At that time, GSCC was focusing its management and technological resources on the imminent introduction of comparison and netting services for repo transactions. Because those services are income-earning and self-funding, GSCC was in a position to effectively return to its members the surplus generated by its core services for buy-sell transactions. The Board of Directors had approved the discount in 1995 based on GSCC's financial strength and continued projections for profitability with the intent that the discount appropriateness be monitored and reassessed periodically.

Since 1995, GSCC has continued to steadily expand both the variety and scope of the services it provides to members. This trend will accelerate in 2000 and beyond as GSCC gradually moves to a real-time messaging, risk management, and settlement environment and achieves other important initiatives such as establishing cross-margining arrangements with multiple clearing organizations.

The determination to temporarily suspend the discount allows GSCC to

¹ 15 U.S.C. 78s(b)(1).

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