

and (C) below, of the most significant aspects of such statements.<sup>3</sup>

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

ISCC's Rule 50 provides that ISCC may establish a foreign clearance, settlement, and custody service known as the GCN in conjunction with banks, trust companies, and other entities. Presently, ISCC has established GCN relationships with Citibank, N.S., Standard Bank of South Africa, Westpac Custodian Nominees Limited of Australia, Westpac Nominees-NZ Limited,<sup>4</sup> and S.C. Indeval, S.A. de C.V.<sup>5</sup> The proposed rule change is to accommodate SCB as an additional GCN service provider.

SCB has been providing securities clearance, settlement, and custody services in the Asia Pacific Region for over forty years and has had a banking presence in this region for over one hundred and forty years. The value of overall assets under SCB's administration is approximately US \$55 billion. It is presently anticipated that ISCC members will be offered clearance, settlement, and custody services in the Philippines, South Korea, and Taiwan through a division of SCB, Standard Chartered Equitor Group ("The Equitor Group").<sup>6</sup> The Equitor Group provides clearance and custody services in fifteen markets in the Asia-Pacific Region. The Equitor Group established a branch office in the Philippines in 1872, which has provided local custody services since 1935 and currently has US \$1.12 billion in assets under custody. The Equitor Group established a branch office in South Korea in 1984, which has provided local custody services since 1991 and currently has US \$1.47 billion in assets under custody. The Equitor Group established a branch office in Taiwan in 1985, which has provided local custody services since 1992 and currently has US \$810 million in assets under custody. In the future, ISCC may offer clearance, settlement, and custody services through SCB in other countries, including Bangladesh, Hong Kong India, Indonesia, Japan, Malaysia, Pakistan, Shanghai,

<sup>3</sup>The Commission has modified parts of these statements.

<sup>4</sup>Securities Exchange Act Release Nos. 29841 (October 18 1991) 56 FR 55960; 35392 (February 16, 1995), 60 FR 10415; and 36339 (October 5, 1995), 60 FR 53447.

<sup>5</sup>The Commission is currently reviewing ISCC's proposed link with Indeval, S.A. de C.V. Securities Exchange Act Release No. 36605 (December 20, 1995), 60 FR 67004 [Notice of filing of proposed rule change].

<sup>6</sup>The Equitor Group is not a separate legal entity.

Shenzhen, Singapore, Sri Lanka, and Thailand, SCB has represented that acting through its branches it meets the requirements under Rule 17f-5 under the Investment Company Act of 1940 to be an eligible foreign custodian.<sup>7</sup> In Malaysia, SCB operates through its wholly-owned subsidiary, Standard Chartered Bank Malaysia Berhad ("SCBM"). SCB has received a exemptive order under Rule 17f-5 on behalf of SCBM.<sup>8</sup>

SCB and ISCC will enter into an agreement pursuant to which SCB will provide access to clearance, settlement, and custody services to GCN participants that qualify to be customers of SCB. SCB has agreed to provide the services at reduced prices. ISCC will not provide any volume guarantees to SCB. ISCC will collect fees from the participants on behalf of SCB.<sup>9</sup> The agreement will be terminable by mutual agreement of the parties or on ninety days prior notice.

The proposed change will facilitate and centralize the processing of international transactions at a beneficial cost to members which ultimately will be reflected in services to the investing public. Accordingly, ISCC believes that these changes are consistent with the requirements of Section 17A of the Act and the rules and regulation thereunder.

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

ISCC does not believe that the proposed rule change will have an impact on or impose a burden on competition.

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

No written comments relating to the proposed rule change have been solicited or received. ISCC will notify the Commission of any written comments received by ISCC.

<sup>7</sup>Letters from Julie Beyers, Associate Counsel, ISCC, to Michele Bianco, Division of Market Regulation, Commission (December 12, 1995 and December 13, 1995). Pursuant to Rule 17f-5(c)(2), an eligible foreign custodian includes a banking institution or trust company, incorporated or organized under the laws of a country other than the United States, that is regulated as such by that country's government or an agency thereof and that has shareholders' equity in excess of \$200 million. 17 CFR 270.17-5(c)(2) (1994). SCB has represented that it has over \$200 Million in shareholders' equity.

<sup>8</sup>Investment Company Act of 1940 Release No. 20019, International Series Release No. 628 (January 14, 1994).

<sup>9</sup>ISCC is not responsible for fees not rendered by participants.

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 published its reason for so finding or (ii) as to which the self-regulatory organization 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 approved.

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 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 provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room in Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of ISCC. All submissions should refer to the file number SR-ISCC-95-06 and should be submitted by January 26, 1996.

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

Jonathan G. Katz,  
Secretary.

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[Release No. 34-36659; File No. SR-NYSE-95-46]

**Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the New York Stock Exchange, Inc. Relating to the Revision of Equity Transaction Charges**

December 29, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on December 29, 1995 the New York Stock Exchange, Inc. ("NYSE" or "Exchange")

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 by the self-regulatory organization. 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 revised fee schedule for equity transaction charges to be effective for January 1996 trading would

eliminate the exclusion currently in place that precludes orders for competing market makers from the no charge provision for system orders between 100 to 2099 shares. However, member organizations must report such activity to the Exchange and the Exchange reserves the right to collect fees due on such trading as of January 2, 1996 in the event that the Commission approves the collection of such fees pursuant to File No. SR-95-47.<sup>2</sup> The text of the proposed rule change is set forth below [new text is italicized; deleted text is bracketed]:

Equity transaction charges	1996
Per Share Charge—per transaction:	
System Orders from 100—2,099 shares <sup>1</sup> .....	No Charge.
Floor Executed Trades and System Trades greater than 2,099 shares:	
First 5,000 shares .....	\$0.00190.
5001 to 710,000 .....	0.00010.
Subsequent shares .....	No Charge.
Floor Brokerage:	
Credit on Floor Brokerage Paid Out .....	1.2%.
Fee Limitations:	
Equity Commissions .....	2%.
Monthly Fee <sup>2</sup> .....	400,000.

<sup>1</sup> [Not inclusive of orders of a member or member organization trading as an agent for the account of a non-member competing market maker.] Member organizations must report to the Exchange share volume of a member or member organization trading as an agent for the account of a non-member competing market maker and the Exchange reserves the right to collect fees due on such trading as of January 2, 1996 in the event that the SEC approves the collection of such fees pursuant to File No. SR-NYSE-95-47. Competing Market maker: A specialist or market-maker registered as such on a registered stock exchange (other than the NYSE), or a market-maker bidding and offering over-the-counter, in a New York Stock Exchange-traded security.

<sup>2</sup> Monthly Fee Limitation will be removed January 1, 1999 and will be indexed annually to average daily volume.

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

In its filing with the Commission, the self-regulatory organization 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. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

**1. Purpose**

The purpose of the change is to respond to the needs of the Exchange's constituents with respect to overall

competitive market conditions and customer satisfaction.

**2. Statutory Basis**

The basis under the Act for the proposed rule change is the requirement under Section 6(b)(4)<sup>3</sup> that the Exchange have rules that provide for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its services.

**B. Self-Regulatory Organization's Statement on Burden on Competition**

The Exchange believes the proposed fee change will not impose any burden on competition that is not necessary or appropriate in the 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**

The Exchange has not solicited, and does not intend to solicit, comments

regarding the proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

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

The foregoing rule change constitutes or changes a due, fee, or other charge imposed by the Exchange and, therefore, has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>4</sup> and subparagraph (e) of the Rule 19b-4 thereunder.<sup>5</sup>

At any time within sixty 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.

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

<sup>2</sup> Securities Exchange Act Release No. 36658 (December 29, 1995).

<sup>3</sup> 15 U.S.C. 78f(b)(4).

<sup>4</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>5</sup> 17 CFR 240.19b-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 at 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 the New York Stock Exchange. All submissions should refer to File No. SR-NYSE-95-46 and should be submitted by January 26, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>6</sup>

Jonathan G. Katz,

Secretary.

[FR Doc. 96-171 Filed 1-4-96; 8:45 am]

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[Release No. 36649; File No. SR-NASD-95-50]

#### Self-Regulatory Organizations; Order Approving Proposed Rule Change by National Association of Securities Dealers, Inc. Amending the Buy-in Procedures in Section 59 of the Uniform Practice Code to Clarify the Appropriate Delivery Deadlines for Buy-in Notices

December 28, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> on November 15, 1995, the National Association of Securities Dealers, Inc. ("NASD" or "Association") filed with the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule change that amends Section 59 of the Uniform Practice Code ("UPC" or "Code") to revise the buy-in procedures to clarify the appropriate delivery deadlines for buy-in notices.

<sup>6</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. § 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

Notice of the proposed rule change, together with the substance of the proposal, was issued by Commission release (Securities Exchange Act Release No. 36496, November 20, 1995) and by publication in the Federal Register (60 FR 58695, November 28, 1995).<sup>3</sup> No comment letters were received. The Commission is approving the proposed rule change.

#### I. Background

Under Section 59 of the Code, when the seller has not completed a contract of sale of securities by delivering the securities called for in the contract on settlement day, the buyer may close the contract by purchasing the subject securities in the open market ("buying-in"). When securities are bought-in to complete a contract, the seller is liable for any difference between the contract price and the buy-in price.

Pursuant to subsection 59(a) of the Code, a buy-in is initiated by the buyer delivering a notice of buy-in to the seller at his office not later than 12 noon, the seller's time, two business days preceding the execution of the proposed buy-in. Subsection 59(b) provides that the notice must include the terms of the contract to be closed and must state that unless delivery is effected at or before a certain specified time not earlier than 11:30 a.m., the buyer's local time, the security may be bought-in for the account of the seller (meaning the seller assumes the liability for the market price of the security bought-in). Subsection 59(b) also provides that if the originator of the buy-in notice is a participant in a registered securities depository and the security to be bought-in is a depository eligible security, the buy-in may not be executed before 2:30 p.m., Eastern Time.

The NASD has identified an inconsistency in subsection 59(b) in that the provisions permit a buy-in notice to specify the seller's delivery deadline at a time no earlier than 11:30 a.m., the buyer's local time, yet the buy-in may not be executed before 2:30 p.m., Eastern Time. If the seller obtained securities and tendered them for delivery after the notice deadline but before the buy-in was executed, the provisions of the rule and the notice could permit the buyer to refuse delivery and subject the seller to the risk of an execution at a price higher than the original contract price. To resolve

<sup>3</sup> The proposal was originally filed with the Commission on October 26, 1995. The NASD subsequently submitted Amendment No. 1 to the filing. Letter from Elliot R. Curzon, Assistant General Counsel, NASD, to Karl J. Varner, Over-the-Counter Regulation, Division of Market Regulation, SEC, dated November 15, 1995.

this anomaly, the rule change amends subsection 59(b) of the UPC to notify the delivery times permitted to be specified in the buy-in notice.

#### II. The Terms of Substance of the Proposed Rule Change

The rule change amends Section 59 of the UPC to modify the delivery times permitted to be specified in the buy-in notice. With respect to buy-in notices for depository eligible securities where the originator is a depository participant, the notice may not specify a delivery time earlier than 3:00 p.m., Eastern Time.

In addition, the rule change amends UPC subsection 59(b)(2), which permits the recipient of a buy-in notice to retransmit the notice to another broker-dealer from whom the subject securities are due. A retransmitted buy-in notice must be delivered to the recipient not later than 12 noon, the seller's local time, on the business day preceding the buy-in date and the specified delivery time in the original notice.

#### III. Discussion

The Commission believes that the rule change is consistent with the provisions of Section 15A(b)(6) of the Act<sup>4</sup> in that the rule change will refine the buy-in provisions of the code to recognize new developments in the clearance and settlement system.<sup>5</sup> Furthermore, the rule change will facilitate the clearance and settlement of securities by eliminating an inconsistency in subsection 59(b) that permitted a buy-in notice to specify the seller's delivery deadline at a time no earlier than 11:30 a.m., the buyer's local time, yet the buy-in could not be executed before 2:30 p.m., Eastern Time. For depository eligible securities where the originator is a depository participant, the rule change precludes the buy-in notice from requiring the seller to deliver the securities before 3:00 p.m., the seller's time. The provision will reduce the risk of the buyer exposing the seller to an execution at a price higher than the original contract price. However, the rule change permits broker-to-broker buy-ins in nondepository eligible securities that specify an earlier delivery time (no earlier than 11:30 a.m. local time).

In addition, the rule change amends UPC subsection 59(b)(2) to require the recipient of a buy-in notice to retransmit

<sup>4</sup> 15 U.S.C. § 78o-3.

<sup>5</sup> The NASD noted that with the advent of same day funds settlement (SDFS) in early 1996 and the new settlement time frames associated with the Depository Trust Company's SDFS System, the appropriate buy-in execution time in subsection 59(b) should not be prior to 3:00 P.M. Eastern Time.