

**AGENCY:** Office of Personnel Management.

**ACTION:** Notice of meeting.

**TIME AND DATE:** 8:30 a.m., February 14, 1996.

**PLACE:** U.S. Office of Personnel Management Auditorium, Theodore Roosevelt Building, 1900 E Street, NW., Washington, DC 20415-0001.

**STATUS:** This meeting will be open to the public. Seating will be available on a first-come, first-served basis.

Individuals with special access needs wishing to attend should contact OPM at the number shown below to obtain appropriate accommodations.

**MATTERS TO BE CONSIDERED:** This meeting will consist of an awards ceremony. The winners of the NPC Partnership Award will be announced; and the winners will receive their awards. The NPC Partnership Award is given in recognition of outstanding labor-management partnership activities. These will be the first NPC Partnership Awards given out.

**CONTACT PERSON FOR MORE INFORMATION:** Douglas K. Walker, National Partnership Council, Executive Secretariat, Office of Personnel Management, Theodore Roosevelt Building, 1900 E Street, NW., Room 5315, Washington, DC 20415-0001. (202) 606-1000.

Office of Personnel Management.

James B. King,

Director.

[FR Doc. 96-2744 Filed 2-8-96; 8:45 am]

BILLING CODE 6325-01-M

## RAILROAD RETIREMENT BOARD

### Agency Forms Submitted for OMB Review

**SUMMARY:** In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), the Railroad Retirement Board has submitted the following proposal(s) for the collection of information to the Office of Management and Budget for review and approval.

#### SUMMARY OF PROPOSAL(S):

(1) *Collection title:* RUIA Claims Notification System.

(2) *Form(s) submitted:* ID-4k.

(3) *OMB Number:* 3220-0171.

(4) *Expiration date of current OMB clearance:* March 31, 1996.

(5) *Type of request:* Extension of a currently approved collection.

(6) *Respondents:* Business or other for-profit.

(7) *Estimated annual number of respondents:* 500.

(8) *Total annual responses:* 386,000.

(9) *Total annual reporting hours:* 4,195.

(10) *Collection description:* Section 5(b) of the RUIA requires that effective January 1, 1990, when a claim for benefits is filed with the Railroad Retirement Board (RRB), the RRB shall provide notice of such claim to the claimant's base year employer(s) and afford such employer(s) an opportunity to submit information relevant to the claim.

**ADDITIONAL INFORMATION OR COMMENTS:** Copies of the form and supporting documents can be obtained from Chuck Mierzwa, the agency clearance officer (312-751-3363). Comments regarding the information collection should be addressed to Ronald J. Hodapp, Railroad Retirement Board, 844 North Rush Street, Chicago, Illinois 60611-2092 and the OMB reviewer, Laura Oliven (202-395-7316), Office of Management and Budget, Room 10230, New Executive Office Building, Washington, D.C. 20503.

Chuck Mierzwa,

Clearance Officer.

[FR Doc. 96-2784 Filed 2-8-96; 8:45 am]

BILLING CODE 7905-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-21729; No. 812-9790]

### American Skandia Life Assurance Corporation, et al.

February 5, 1996.

**AGENCY:** Securities and Exchange Commission ("SEC or "Commission").

**ACTION:** Notice of Application for an Order under the Investment Company Act of 1940 ("1940 Act").

**APPLICANTS:** American Skandia Life Assurance Corporation ("American Skandia"), American Skandia Assurance Corporation Variable Account B ("Separate Account") and American Skandia Marketing, Inc. ("Marketing").

**RELEVANT 1940 ACT SECTIONS:** Order requested under Section 6(c) of the 1940 Act granting exemptions from the provisions of Sections 2(a)(32), 22(c), 26(a)(2)(C), 27(c)(1), 27(c)(2), and 27(d) of the 1940 Act and Rule 22c-1 thereunder.

**SUMMARY OF APPLICATION:** Applicants see an order to permit the deduction of a mortality and expense risk charge and the recapture of certain credits applied to purchase payments from the assets of the Separate Account or any other

separate account ("Other Accounts") established by American Skandia to support certain flexible premium individual tax deferred variable annuity contracts ("Contracts") as well as other variable annuity contracts that are substantially similar in all material respects to the Contracts ("Future Contracts"). In addition, Applicants propose that the order extend to any broker-dealer other than Marketing, that may in the future serve as principle underwriter for the Contracts or Future Contracts, the same exemptions granted to Marketing ("Future Broker-Dealers"). Any such broker-dealer will be a member of the National Association of Securities Dealers, Inc. ("NASD"), and will be controlling, controlled by, or under common control with American Skandia.

**FILING DATE:** The application was filed on September 25, 1995, and was amended on January 25, 1996.

**HEARING OR NOTIFICATION OF HEARING:** An order granting the Application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on March 1, 1996, and should be accompanied by proof of service on Applicants in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the requestor's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Secretary of the SEC.

**ADDRESSES:** Secretary, Securities and Exchange Commission, 450 5th Street, N.W., Washington, D.C. 20549. Applicants, M. Patricia Paez, Corporate Secretary, c/o Jeffrey M. Ulness, Esq., American Skandia Life Assurance Corporation, One Corporate Drive, Shelton, Connecticut 06484.

**FOR FURTHER INFORMATION CONTACT:** Pamela K. Ellis, Senior Counsel, or Patrice M. Pitts, Special Counsel, Office of Insurance Products (Division of Investment Management), at (202) 942-0670.

**SUPPLEMENTARY INFORMATION:** Following is a summary of the application; the complete application is available for a fee from the SEC's Public Reference Branch.

#### Applicants' Representations

1. American Skandia, a stock life insurance company, is organized in Connecticut and licensed to do business in the District of Columbia and all of the

United States. American Skandia is a wholly owned subsidiary of American Skandia Investment Holding Corporation ("ASIHC"), which in turn is wholly owned by Skandia Insurance Company Ltd., a Swedish corporation.

2. The Separate Account is a separate account established by American Skandia to fund the Contracts. The Separate Account is registered with the Commission as a unit investment trust under the 1940 Act, and the Contracts are registered as securities under the Securities Act of 1933.

3. American Skandia will establish for each investment option offered under the Contract a Separate Account subaccount ("Subaccount"), which will invest solely in a specific corresponding portfolio of certain designated investment companies ("Funds"). The Funds will be registered under the 1940 Act as open-end management investment companies. Each Fund portfolio will have separate investment objectives and policies.

4. Marketing will serve as the distributor and principal underwriter of the Contracts. Marketing, a wholly owned subsidiary of ASIHC, is registered under the 1934 Act as a broker-dealer and is a member of the NASD.

5. In addition, broker-dealers other than Marketing also may serve as distributors and principal underwriters of certain of the Contracts as well as the Future Contracts.

6. There are two different Contracts which are being registered ("Contract A and Contract B", respectively).<sup>1</sup> The Contracts are individual and group flexible premium variable tax deferred annuity contracts. The Contracts may be used in connection with retirement plans that qualify for favorable federal income tax treatment under Section 401, Section 403, or Section 408 of the Internal Revenue Code of 1986, as

<sup>1</sup> Applicants have received a similar exemptive order in relation to other annuities. *American Skandia Life Assurance Corp.*, Investment Company Act Rel. No. 20980 (Mar. 31, 1995) (notice) and Investment Company Act Rel. No. 21034 (Apr. 27, 1995) (order) ("April Order"). The April Order permitted Applicants to deduct a mortality and expense risk charge from the assets of certain flexible premium deferred variable annuity contracts and any contracts offered in the future that were substantially similar in all material respects to the contracts that were the subject of the April Order. Applicants state that while they believe that the Contracts which are the subject of this application may be substantially similar to the contracts that were the subject of the prior relief, Applicants are submitting this request to avoid any possibility that may be raised as to whether the Contracts that are subject of this application are substantially similar "in all material respects" to the contracts which were the subject of the prior exemption relief.

amended, or the Contracts may be purchased on a non-tax qualified basis.

7. Contract A may be purchased with an initial payment of \$1,000 and Contract B may be purchased with an initial payment of \$25,000; the minimum subsequent purchase payment for both Contract A and Contract B is \$100. Alternatively, in both cases, the Contract owner may authorize and American Skandia may accept the use of a program of periodic purchase payments provided that such payments received in the first year total American Skandia's then current minimum payments under such a program. Net purchase payments may be allocated to one or more of the Subaccounts that have been established to support the Contracts or, in most jurisdictions, to a fixed account.

8. Under Contract A, American Skandia will add bonus credits ("Credits") to the account value in conjunction with each purchase payment. The funds for such credits are drawn from American Skandia's general account. Generally, when total purchase payments are less than \$10,000, the Credits equal 1.5% of purchase payments. When the total purchase payments are at least \$10,000 but less than \$1 million, the Credits equal 3% of purchase payments. When total Purchase payments are at least \$1 million but less than \$5 million, the Credits equal 4% of purchase payments. Credits equal 5% of purchase payments if the total is at least \$5 million. The Credits are vested when applied, except under the following circumstances: (1) An amount equal to any Credit will be returned to American Skandia if the Contract owner cancels the Contract during the free-look period; (2) an amount equal to "Excess Credit will be returned to American Skandia should a purchaser not fulfill its letter of intent obligation within a 13 month period; (3) an amount equal to any Credit will be returned to American Skandia by reducing the amount available pursuant to the medically available surrender by an amount equal to any Credit allocated within 12 months of the first occurrence of the applicable contingency upon which such medically related surrender is based (or applied after an application is received for such medically related surrender); and (4) an amount equal to any Credits applied within 12 months prior to the date of death causing the payment of a death benefit will be returned to American Skandia should the death benefit be greater than the

<sup>2</sup> "Excess Credit" is the amount of the Credit in excess of what would have been payable without the letter of intent.

minimum death benefit. No such program applies under Contract B.

9. The Contracts provide for a series of annuity payments beginning on the "Annuity Date." The Contract owner may select from several payout options which provide periodic annuity payments on a fixed basis.

10. Prior to the Annuity Date, a medically related surrender may be available under Contract A. If the specified eligibility requirements are met, the amount available for surrender is the account value less an amount equal to any Credit allocated to the "account value"<sup>3</sup> within twelve months after the first occurrence of the contingency upon which the medically related surrender is permitted.<sup>4</sup> No similar program applies under Contract B.

11. During the accumulation period, the Contracts provide for payment of a death benefit upon the death of: the first Contract owner, should the annuity be held by one or more natural persons; or the annuitant, should the annuity be held by an entity and there is no contingent annuitant. The minimum death benefit under both Contracts is the sum of all purchase payments less the sum of any withdrawals. If a decedent was not named a Contract owner or annuitant as of the Contract issue date, and did not become such as a result of a prior Contract owner's or annuitant's death, the minimum death benefit is suspended as to that person for a two-year period from the date he or she first became a Contract owner or annuitant. Following the suspension period, the death benefit is the same as if such person had been a Contract owner or annuitant on the Contract issue date.

12. After the first ten Contract years, the death benefit under Contract A is the account value less an amount equal to any Credit allocated within 12 months prior to the date of death. During the first ten Contract years, the death benefit is the greater of (1) or (2), where: (1) Is the account value of the Subaccounts and the "interim value" of any "fixed allocations" less any Credits applied with in the twelve months prior

<sup>3</sup> The "account value" is the value of each allocation to a Subaccount or a "fixed allocation" prior to the annuity date, plus any earnings, and/or losses, distributions, and charges thereon, before assessment of any applicable contingent deferred sales charge and/or maintenance fee.

<sup>4</sup> In the case of a medically related surrender, Credits applied in conjunction with purchase payments received after application for a medically related surrender will also be returned to American Skandia.

to the date of death;<sup>5</sup> and (2) is the minimum death benefit.

13. Under Contract B, the death benefit after the earlier of ten Contract years or age 90 of the decedent is the account value. Prior to that, the death benefit is the greater of (1) or (2), where: (1) Is the account value of the Subaccounts and the interim value of fixed allocations; and (2) is a minimum death benefit.

14. Certain charges and fees are assessed under the Contracts. There is no transfer fee charged for transfers or "renewals"<sup>6</sup> from a fixed allocation at the end of its guarantee period, or for the first 12 transactions from Subaccounts of the Separate Account in each Contract year. Subsequent transfers within a Contract year, however, will be assessed a fee of \$10 per transfer.

15. Before the Annuity Date, American Skandia will deduct an administration charge at the rate of .15% per annum of the average daily total asset value of each Account.

16. Before the Annuity Date and upon surrender, American Skandia will deduct a maintenance fee equalling the lesser of 2% of the account value or \$30 per Contract year. This fee is waived under certain circumstances that generally include situations when the maintenance expenses likely are to be reduced (*i.e.*, when a large number of annuities are purchased by an owner).

17. The total maintenance fee and administrative charges assessed against the Separate Account will not be greater than the total anticipated costs of services to be provided over the life of the Contracts, in accordance with the applicable standards of Rule 26a-1 under the 1940 Act.

18. Under Contract A, a contingent deferred sales charge ("CDSC") may be imposed on certain withdrawals. The amount of the CDSC decreases annually from 8.5% to 0% over 9 Contract years. In addition, there is a free withdrawal amount during a Contract year that is the greater of (1) or (2), where (1) is the annuity's "growth"<sup>7</sup> and (2) is 10% of

<sup>5</sup> "Fixed allocation" is defined as an allocation of account value that is to be credited a fixed rate of interest for a specified guarantee period during the accumulation phase, and is to be supported by the assets of the Separate Account.

As of any particular date, the "interim value" is the initial value of a fixed allocation, plus all interest credited thereon, less the sum of all previous transfers and withdrawals of any type from such fixed allocation of such interim value and interest thereon from the date of each withdrawal or transfer.

<sup>6</sup> A "renewal" is a transaction that occurs automatically as of the last day of a fixed allocation's guarantee period unless American Skandia receives alternative instructions.

<sup>7</sup> "Growth" is defined as the then current account value, less all "unliquidated" purchase payments

"new" purchase payments. When determining the CDSC, withdrawals other than the free withdrawals amount will be allocated first to any amount available as a free withdrawal, then from new purchase payments on a first-in first-out basis. There is no CDSC upon withdrawal under Contract B.

19. American Skandia proposes to deduct a daily mortality and expense risk charge. This charge will be equal to an effective annual rate of 1.25% of the daily net asset value of the Separate Account. Of this amount, approximately .90% is for mortality risks and .35% is for expense risks.

20. American Skandia assumes the mortality risk that the life expectancy of the annuitant will be greater than that assumed in the guaranteed annuity purchase rates, thus requiring American Skandia to pay out more in annuity income than it had planned. Additional mortality risks assumed by American Skandia are that it will waive the CDSC in the event of the death of the owner, and its contractual obligation to provide a standard and an enhanced death benefit prior to the annuity date. Thus, American Skandia assumes the risk that it may not be able to cover its distribution expenses and that the owner may die at a time when the amount of the death benefit payable exceeds the then net surrender value of the Contracts. The expense risk assumed by American Skandia is that the contract administration charge and maintenance fee will be insufficient to cover the cost of administering the Contracts.

21. In the event the mortality and expense risk charges are more than sufficient to cover American Skandia's costs and expenses, any excess will be a profit to American Skandia.

22. Should the owner live in a jurisdiction that levies a premium tax, American Skandia will pay the taxes when due. American Skandia represents that state premium taxes may range up to 3.5% of purchase payments and are subject to change. Although no local taxes currently are assessed against any American Skandia annuity, local taxes also may be assessed.

#### Applicants' Legal Analysis

1. Section 6(c) of the 1940 Act authorizes the Commission, by order upon application, to conditionally or unconditionally grant an exemption from any provision, rule, or regulation of the 1940 to the extent that the exemption is necessary or appropriate

(*i.e.*, purchase payments not previously surrendered or withdrawn), and less the value at the time credited of any Credits or additional amounts.

in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

2. Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act, in relevant part, prohibit a registered unit investment trust, its depositors or principal underwriter, from selling periodic payment plan certificates unless the proceeds of all payments, other than sales loads, are deposited with a qualified bank and held under arrangements which prohibit any payment to the depositor or principal underwriter except a reasonable fee, as the Commission may prescribe, for performing bookkeeping and other administrative duties normally performed by the bank itself.

3. Applicants request exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act to the extent necessary to permit the deduction from the net assets of the Separate Account and the Other Accounts in connection with the Contract and Future Contracts of the 1.25% charge for the assumption of mortality and expense risks, and an extension of the exemptive relief requested herein to Future Broker-Dealer.

4. Applicants represent that the 1.25% per annum mortality and expense risk charge is within the range of industry practice for comparable annuity contracts. This representation is based upon an analysis of publicly available information about similar industry products, taking into consideration such factors as, among others, the current charge levels, the existence of charge level guarantees, and guaranteed annuity rates. American Skandia will maintain at its principal offices, and make available to the Commission, a memorandum setting forth in detail the products analyzed in the course of, and the methodology and results of, Applicants' comparative review. In addition, Applicants will keep, and make available to the Commission, a memorandum setting forth the basis for the same representations, and that the mortality and expense risk charges are reasonable, with respect to the Future Contracts offered by the Separate Account or Other Accounts.

5. American Skandia has concluded that there is a reasonable likelihood that the proposed distribution financing arrangements will benefit the Separate Accounts and Other Accounts and their respective investors. American Skandia represents that it will maintain and make available to the Commission upon request a memorandum setting forth the basis of such conclusion. In addition, Applicants will keep, and make

available to the Commission, a memorandum setting forth the basis for the same representations with respect to the Future Contracts offered by the Separate Account or Other Accounts.

6. The Separate Account and Other Accounts will be invested only in management investment companies that undertake, in the event the company should adopt a plan for financing distribution expenses pursuant to Rule 12b-1 under the 1940 Act, to have such plan formulated and approved by the company's board members, the majority of whom are not "interested persons" of the management investment company within the meaning of Section 2(a)(19) of the 1940 Act.

7. Applicants request exemptions from Section 2(a)(32), 22(c), 26(a)(2)(c), 27(c)(1), 27(c)(2), and 27(d) of the 1940 Act and Rule 22c-1 thereunder to the extent necessary to permit American Skandia to issue certain Contracts which provide a "bonus" Credit to a Contract with each purchase payment received and to recapture such Credit if: (1) The Contract is cancelled during the "free-look" period; (2) the purchaser fails to satisfy his or her obligations to make certain purchase payments within a 13 month period pursuant to a letter of intent; (3) there is a medically related surrender; and (4) the death benefit payable is greater than the minimum death benefit.

8. Applicants represent that it is not administratively feasible to track the Credit amount in the Separate Account. Accordingly, any asset based charges under the Contracts will be assessed against the entire amount in the Separate Account, including the Credit amount, even during the period when the Contract owner's interest in the Credit is not completely vested. As a result, for a period of up to 13 months from the Contract issue date, the aggregate asset based charges assessed will be higher than those which would be charged if the Contract owner's account value did not include the Credit.

9. Applicants submit that the recapture of the Credit amount would not deprive an owner of his or her proportionate share of the issuer's current net assets. Until the right to recapture has expired, American Skandia retains the right to, and interest in, the Credit amount, although not in the earnings attributable to that amount. Applicants state that the Contract owner's interest in the Credit amount should not be viewed as completely vested until the applicable recapture period has ended. Thus, Applicants assert that when American Skandia recaptures the applicable Credit, it

merely retrieves its own assets, and because the Contract owner's interest in that amount has not been completely vested, he or she has not been deprived of a proportionate share of the Separate Account's assets. Applicants submit that the Contract's provisions for recapture of any applicable Credit does not violate Section 27(c)(1) and 2(a)(32) of the 1940 Act.

10. Applicants assert that because the recapture of any Credit amount merely returns to American Skandia its own assets, such recapture is not a payment of the sort addressed by Section 26(a)(2)(C). Moreover, Applicants submit that the Credit amount should at most be viewed as a deduction from the amount redeemed rather than from the account, and thus Section 26(a)(2)(C) would not apply.

11. Although Section 27(d) speaks in terms of the certificate holder receiving the value of his or her account, Applicants assert that the recapture of any credits is consistent with that section. Applicants state that the Contract owner's interest in any Credit does not vest completely until the right of recapture has expired. Until such time, American Skandia retains the rights to and interest in any such Credit. Thus, Applicants assert the reference to Section 27(d) to the value of the account should not be understood to encompass the principal amount of any Credit.

12. Applicants state that American Skandia's addition of the Credit arguably could be viewed as resulting in the owner purchasing redeemable securities for a price below the current net asset value. Applicants contend, however, that the Credit is not violative of Section 22(c) and Rule 22c-1. Applicants assert that the Credit does not threaten the evils that Rule 22c-1 was intended to eliminate or reduce—namely, the dilution of the value of outstanding redeemable securities of registered investment companies through their sale at a price below net asset value or their redemption or repurchase at a price above it, or other unfair results, including speculative trading practices. These evils were the result of the practice of basing the price of a mutual fund share on the net asset value per share determined as of the close of the market on the previous day—i.e., "backward pricing." Where this practice allowed purchasers to take advantage of increases in the net asset value that were not yet reflected in increased price, the value of outstanding mutual fund shares were diluted. The proposed Credit poses no such threat of dilution. Interests in the Contract owner's account will be sold at a price determined on the basis of net asset

value. The Credit does not reflect a reduction of that price. Instead, American Skandia will purchase with its own money on behalf of the Contract owner an interest equal to the Credit amount based on the size of the initial purchase payment. Because any Credit will be paid from American Skandia's general account assets and will not be drawn from the assets of the Separate Account, no dilution will occur.

13. Applicants also submit that a second harm that Rule 22c-1 was designed to address—namely, speculative trading practices—will not occur as a result of the proposed Credit. Because neither of the harms that Rule 22c-1 was meant to address would result from American Skandia's proposed method of adding Credits to a Contract owner's account value, Rule 22c-1 and Section 22(c) should have no application to American Skandia's proposal to add Credits.

14. Applicants assert that the terms of the relief requested with respect to any Future Contracts funded by the Separate Account or Other Accounts, as well as for Future Broker-Dealers, are consistent with the standards enumerated in Section 6(c) of the 1940 Act. Without the requested relief, Applicants would have to request and obtain exemptive relief for each Other Account it establishes to fund any Future Contract, as well as for each Future Broker-Dealer that distributes the Contracts or the Future Contracts. Applicants submit that any such additional request for exemption would present no issues under the 1940 Act that have not already been addressed in this application, and that investors would not receive any benefit or additional protections thereby.

15. Applicants submit that the requested relief is appropriate in the public interest, because it would promote competitiveness in the variable annuity contract market by eliminating the need for Applicants to file redundant exemptive applications, thereby reducing their administrative expenses and maximizing the efficient use of their resources. The delay and expense involved in having to seek exemptive relief repeatedly would reduce Applicants' ability effectively to take advantage of business opportunities as they arise.

16. Applicants further submit that the requested relief is consistent with the purposes of the 1940 Act and the protection of investors for the same reasons. Applicants thus believe that the requested exemption is appropriate in the public interest and consistent with the protection of investors and the

purposes fairly intended by the policy and provisions of the 1940 Act.

#### Conclusion

For the reasons set forth above, Applicants represent that the exemptions requested are necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,

*Deputy Secretary.*

[FR Doc. 96-2873 Filed 2-8-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-36810; File No. SR-CSE-96-01]

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Cincinnati Stock Exchange Relating to Clearance Identification Procedures for Members

February 5, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on January 16, 1996, The Cincinnati Stock Exchange ("CSE" 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 Exchange proposes to amend the CSE's by-laws to clarify that members must "give up" a valid CSE clearing number. The text of the proposed rule change is available at the Office of the Secretary, the CSE, and at the Commission.

#### 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 Exchange has filed proposed Interpretation .03 to Article II, Section 5.1, of its by-laws for the purpose of clarifying that a member may only "give up" its own or another CSE member's clearing number when executing a transaction on the Exchange.<sup>2</sup> This requirement ensures that the Exchange will have the ability to exercise jurisdiction over all of the parties involved in executing and settling trades that occur on the CSE.

##### 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b)<sup>3</sup> of the Act in general and furthers the objectives of Section 6(b)(5)<sup>4</sup> in particular in that it is designed to promote just and equitable principles of trade and, in general, to protect investors and the public interest.

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

The Exchange believes the proposed rule change will impose no burden on competition that is 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

The Exchange has neither solicited nor received written comments with respect to the proposed rule change.

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

Within 35 days of the publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 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 the self-regulatory organization consents, the Commission will:

(A) By order approve the proposed rule change, or

<sup>2</sup> The CSE member whose clearing number is "given up" is responsible for clearing that trade.

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

<sup>4</sup> 15 U.S.C. 78f(b)(5).

(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. 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. Also, copies of such filing will be available for inspection and copying at the principal office of the CSE. All submissions should refer to File No. SR-CSE-96-01 and should be submitted by March 1, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

Margaret H. McFarland,

*Deputy Secretary.*

[FR Doc. 96-2870 Filed 2-8-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-36806; File No. SR-DTC-95-26]

### Self-Regulatory Organizations; the Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Securities Payment Order Instructions to Modify Substitute Income Payments on Stock Loans

February 2, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on December 5, 1995, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-DTC-95-26) as described in Items I, II, and III below, which items have been prepared primarily by DTC. The Commission is

<sup>5</sup> 17 C.F.R. 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1) (1988).

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