

proposed rule change (File No. SR-
ISCC-95-06) be and hereby is approved.

For the Commission by the Division of
Market Regulation, pursuant to delegated
authority.¹²

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-5151 Filed 3-5-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-36900; File No. SR-NASD-
96-06]

**Self-Regulatory Organizations; Notice
of Filing of Proposed Rule Change by
National Association of Securities
Dealers, Inc. Relating to Issuer Hearing
Fees**

February 28, 1996.

Pursuant to Section 19(b)(1) of the
Securities Exchange Act of 1934
("Act"), 15 U.S.C. 78s(b)(1), notice is
hereby given that on February 22, 1996,
the National Association of Securities
Dealers, Inc. ("NASD" or "Association")
filed with the Securities and Exchange
Commission ("SEC" or "Commission")
the proposed rule change as described
in Items I, II, and III below, which Items
have been prepared by the NASD. 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 NASD is herewith filing a
proposed rule change to revise the
issuer hearing fee under Part IV of
Schedule D to the NASD By-Laws.¹
Below is the text of the proposed rule
change. Proposed new language is
italicized; proposed deletions are in
brackets.

Part IV

Listing Fees

* * * * *

Issuer Hearing Fee

I. Hearing Fee

1. Each issuer that applies for an
exception under Article IX of the Code
of Procedure to the requirements of
Parts II or III of Schedule D to the By-
Laws shall pay a fee to the Nasdaq Stock
Market, Inc. to cover the cost of
considering such application as follows:

(a) where the application is to be
considered on the basis of written
submissions from the issuer, \$1,400
[\$500]; or

(b) where the application is to be
considered on the basis of an oral
hearing, whether in person or by
telephone, \$2,300 [\$1,000].

**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
NASD 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 NASD has
prepared summaries, set forth in
Sections (A), (B), and (C) below, of the
most significant aspects of such
statements.

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

Parts II and III of Schedule D to the
NASD By-Laws set forth the
requirements applicable to issuers for
initial and continued inclusion in the
Nasdaq Stock Market. Pursuant to
Article IX of the NASD Code of
Procedure, issuers may apply for an
exception to these requirements, which
shall be considered by a hearing panel
designated by the Board of Governors.
The purpose of the proposed rule
change is to increase the hearing fee
from \$500 to \$1,400 for written
applications and from \$1,000 to \$2,300
for oral applications.

The costs associated with the hearing
process include fixed costs for all
applications and additional variable
costs for oral hearing applications. The
increased fees relate directly to these
costs and reflect the recovery of the
fixed costs evenly across all hearing
applicants and the recovery of the
additional variable costs only from oral
hearing applicants. The fees are
designed to be revenue neutral based on
the number of exception applications
for the most recent year.

The NASD believes that the proposed
rule change is consistent with the
provisions of Section 15A(b)(5) of the
Act² in that the fee increases are
allocated equitably to provide a forum
for issuers seeking to retain a Nasdaq
listing or issuers seeking to be listed on
Nasdaq under an exception to current
listing standards. The new fees are

intended to directly offset the costs
associated with the hearing process, and
are distributed among issuers based on
the type of hearing requested.

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

The NASD does not believe that the
proposed rule change will result in any
burden on competition that is not
necessary or appropriate in furtherance
of the purposes of the Act, as amended.

**(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**

Within 35 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
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 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.
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. Copies of such filing will also be
available for inspection and copying at
the principal office of the NASD. All
submissions should refer to the file
number in the caption above and should
be submitted by March 27, 1996.

¹² 17 CFR 200.30-3(a)(12) (19950).

¹ Pursuant to a new rule numbering system for the
NASD Manual anticipated to be effective no later
than May 1, 1996, this rule will become Rule 4530.
See Exchange Act Release No. 36698 (January 11,
1996), 61 FR 1419 (January 19, 1996), order
approving new rule numbering system.

² 15 U.S.C. 78o-3.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.³

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-5156 Filed 3-5-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-36907; File No. SR-NSCC-96-01]

Self-Regulatory Organization; National Securities Clearing Corporation; Notice of Filing of a Proposed Rule Change Establishing Systemized, Standard Prices for Transfers of Non-Continuous Net Settlement Assets Through the Automated Customer Account Transfer Service

February 29, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on January 5, 1996, the National Securities Clearing Corporation ("NSCC") 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 NSCC. On February 8, and 20, 1996, NSCC filed amendments to the proposed rule change.² 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.

NSCC proposes modifying its rules to coincide with its practice of establishing systemized, standard default prices for non-Continuous Net Settlement ("CNS") assets submitted by a member for transfer through NSCC's Automated Customer Account Transfer Service ("ACATS"). Such prices are to be based on the type of asset being transferred.

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

In its filing with the Commission, NSCC 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. NSCC has prepared

summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.³

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 modify NSCC's rules to coincide with its practice of establishing systemized, standard default prices based on asset type for assets not eligible for CNS submitted by Members for transfer through ACATS. NSCC, through ACATS, currently provides an automated and standardized service for the accurate and timely transfer of assets in a customer account from one brokerage firm to another.⁴

When a customer wants to transfer his or her account to a new broker-dealer ("receiving broker-dealer"), the receiving broker-dealer submits through NSCC a transfer initiation request form to the broker-dealer holding the customer's assets ("delivering broker-dealer"). Within three business days, the delivering broker-dealer must submit to NSCC a list of customer assets held at the delivering broker-dealer. The list must include prices assigned to the non-CNS eligible assets. Transfer of the account generally will take place four business days later.

On settlement date, NSCC automatically debits the delivering broker's settlement account at NSCC with the market value of the assets being transferred through ACATS and credits the receiving broker's settlement account with the same amount. The resulting settlement obligations will appear on the members' initial settlement statements issued in the afternoon. When the non-CNS-eligible assets are delivered through NSCC's envelope delivery service, NSCC will then credit the delivering broker's account at NSCC with the value of those assets and will debit a corresponding amount from the receiving broker's account.⁵ Thus, the delivering broker's initial settlement statement will reflect both the debit from the initial ACATS request and a corresponding credit from the delivery of assets resulting in no change to such member's overall settlement obligations. If the assets are not delivered, the delivering broker's

settlement bank will be debited the assigned value of the assets at the end-of-day settlement. These funds will be credited back to the delivering broker when such broker delivers the customer's assets.

CNS assets submitted for transfer through the ACATS system are systematically priced. However, an asset value needs to be assigned to any non-CNS assets (e.g., limited partnerships, mortgaged backed securities, zero coupon bonds, foreign securities, U.S. government and U.S. agency securities, and thinly traded municipal bonds) submitted for transfer through ACATS. NSCC will ascribe non-CNS assets a value by using a pricing service.⁶ If there is no price available from a pricing service, NSCC will assign a value based on the higher of (i) the price submitted by the delivering broker or (ii) the price indicated by an industry defined default price matrix. The default price matrix will employ security category indicators and will specify a default price for each identified security category. For example, domestic stock will be valued at \$1.00 per share, and municipal bonds will be valued at \$85 per \$100 principle amount. Once the default value is established, changes by participants are not permitted.

The pricing of additional assets being transferred through ACATS will provide ACATS users with standardized default pricing based on asset type. This method of pricing will decrease discrepancies with respect to asset valuation by reducing exposure to the delivering broker due to the overvaluation of assets and by reducing exposure to the receiving broker due to the undervaluation of assets.

NSCC believes the proposed rule change is consistent with the requirements of Section 17A of the Act⁷ and the rules and regulations thereunder because establishment of systemized standard default prices for non-CNS assets transferred through ACATS will facilitate the prompt and accurate clearance and settlement of

⁶ NSCC will use the following pricing services (listed in order of preference). Equities: The New York Stock Exchange, the American Stock Exchange, NASDAQ, Vancouver Stock Exchange, average OTC comparison system price, Interactive Data Financial Times information, previous day's system price, or last available price in system. Bonds: Average price in the Bond Comparison System for trades compared on T or T+1, average price in the Bond Comparison System for trades compared on T+2, average price in the Bond Comparison System for trades compared on T+3 or older, Interactive Data Financial Times information, previous day's system price, last available price in system, or for municipal bonds only, if such price is five days or older, the price obtained from J.J. Kenny S&P.

⁷ 15 U.S.C. § 78q-1 (1988).

³ The Commission has modified the text of the summaries prepared by NSCC.

⁴ For a complete description of ACATS, refer to Securities Exchange Act Release No. 34879 (October 21, 1994), 59 FR 54229 [File No. SR-NSCC-94-13] (order approving a proposed rule change modifying ACATS). See also NSCC Rule 50.

⁵ Assets delivered through NSCC's envelope delivery service must be submitted by 11:30 a.m.

³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. § 78s(b)(1) (1988).

² Letters from Julie Beyers, Associate Counsel, NSCC, to Christine Sibille, Division of Market Regulation, Commission (February 7 and 15, 1996),