

agreement, BTAL will provide specified custodial or subcustodial services for the Investment Company or custodian and will delegate to Pental Nominees such of BTAL's duties and obligations as will be necessary to permit Pental Nominees to hold the Assets custody in Australia. The agreement will further provide that BTAL will be liable for any loss, damage, cost, expense, liability, or claim arising out of or in connection with the performance by Pental Nominees of its responsibilities under the agreement to the same extent as if BTAL had been required to provide custody services under such agreement.

For the SEC, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,
Deputy Secretary.

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[Release No. 34-37244; File No. SR-Philadep-96-07]

Self-Regulatory Organizations; Philadelphia Depository Trust Company; Notice of Filing of a Proposed Rule Change To Establish a Separate Participant Category for Inactive Accounts

May 24, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on May 8, 1996, the Philadelphia Depository Trust Company ("Philadep") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-Philadep-96-07) as described in Items I, II, and III below, which items have been prepared primarily by Philadep. 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 purpose of the proposed rule change is to amend Philadep's rules to establish a separate participant category for inactive accounts and to amend the participants fund formulas with respect to such inactive accounts. Specifically, the proposed rule change will define the term "Inactive Account" and will set forth the mechanism for detecting a change in a participant's status from inactive to active and for the immediate collection of the additional required participants fund contribution at such time.

¹ 15 U.S.C. 78s(b)(1) (1988).

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

In its filing with the Commission, Philadep 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. Philadep 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

Philadep proposes to amend its rules with respect to the minimum cash deposit contribution of its inactive participants to be set at the uniform rate of \$5,000 instead of at the previously approved rate of \$10,000.² "Inactive Accounts" are proposed to be defined as an account which conducts de minimis activity, currently established to be less than \$100 in monthly billing activities.

Philadep proposes to adjust its Inactive Account contribution to the participants fund from \$10,000 to \$5,000. In proposing this amendment, Philadep recognizes that inactive accounts pose virtually no risk to the clearing corporation so long as they remain in such inactive status. In this regard, Philadep has established procedures to detect a change in a participant's status from inactive to active and for the immediate collection of the additional required participants fund contribution at such time.

Philadep will monitor its participants' account activities to assure that all participants post the requisite participants fund contributions. Philadep evaluates the nature and financial integrity of all participants of Philadep, even if they initially establish only Inactive Accounts. Philadep evaluates prospective participants, develops a customer profile, assesses the firm's capital adequacy, determines the initial participants fund contribution, contacts the firm's Designated Examining Authority for a review of its regulatory history, and presents any and all pertinent information collected to Philadep's Admissions Committee. The

² Securities Exchange Act Release No. 36876 (February 22, 1996), 61 FR 7841 [SR-Philadep-95-08] (order granting partial temporary approval and partial permanent approval of a proposed rule change).

Admissions Committee ultimately makes the determination about whether to admit the participants and directs managements where appropriate to gather additional information so that the Committee can make such a determination. After admission, Philadep monitors participants' account activities to assure that the proper participants fund contribution is being collected from each participant.

Specifically with respect to Inactive Accounts, Philadep's Finance and Administration ("F&A") Department will identify for Philadep's Operations Department which specific accounts are currently inactive. Thereafter, the Operations Department will monitor on a daily basis a report which reflects daily deposit, transfer, and miscellaneous deliver order ("MDO") activity of such Inactive Accounts. Specifically, the Operations Department will generate a report that maintains cumulative total of deposits, transfers, and MDOs occurring in each Inactive Account for each monthly billing cycle.³ If that total exceeds forty but is less than seventy-five for any Inactive Account in any given month, the Operations Department will immediately notify the F&A Department and Philadep's compliance officer. The F&A Department will verify this activity and will immediately call and send a letter to the affected participant informing the participant that it must wire the additional participants fund contributions associated with an active account by the next business day or cease doing any further activity in the account for the remainder of the month. If the participant's total exceeds seventy-five transfers, deposits, and MDOs, the participants must wire additional participants fund contributions associated with an active account by the next business day. The seventy-five count threshold serves as a reliable proxy to determine \$100 of billing activity. In this regard, the most expensive activity among deposits, transfers, and MDOs, multiplied by 75, typically generates less than \$100 in monthly billings. A participant's failure to wire the additional participants fund contributions in compliance with the aforementioned procedures subjects the participant to a \$500 fine for the first offense and a \$2,000 fine for the second offense occurring during the same calendar year. If the participant does not wire the additional participants fund contribution to Philadep by the next business day, Philadep will disallow

³ This report will be distribute on a daily basis to Philadep management and Philadep's compliance officer.

any further business in the account beginning on the next business day after the additional contribution was due. Accordingly, an offense as contemplated by the foregoing fine schedule refers to the number of times that the account was inactivated from conducting any further business for failure to furnish Philadep with the additional contribution during a calendar year.

Once active, an account will be routinely subject to the normal review and update process on a monthly basis, and the F&A Department will recalculate each participant's participants fund deposit requirement at the end of each month based upon the participant's previous three months activity, prior to the most recent month.

Philadep believes the proposed rule change is consistent with Section 17A of the Act and the rules and regulations thereunder because the proposal should help to safeguard securities and funds in their custody or control or for which they are responsible and foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions.

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

Philadep believes that the proposed rule change will not impose any burden on competition not contemplated within the parameters of the Act.

(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 received. Philadep will notify the Commission of any written comments received by Philadep.

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 Philadep 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, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of Philadep. All submissions should refer to the file number SR-Philadep-96-07 and should be submitted by June 21, 1996.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁴

Margaret H. McFarland,
Deputy Secretary.
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[Release No. 34-37234; File No. SR-PHILADEP-96-06]

Self-Regulatory Organizations; Philadelphia Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Fee Schedule for the Legal Deposit Service.

May 21, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹, notice is hereby given that on April 1, 1996, the Philadelphia Depository Trust Company ("Philadep") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-PHILADEP-96-06) as described in Items I, II, and III below, which Items have been prepared primarily by Philadep. 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

Philadep proposes to consolidate and modify the fees and the underlying

volume categories for its Legal Deposit 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, Philadep included statements concerning the purposes of and the 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. Philadep has prepared summaries, as 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 the Statutory Basis for, the Proposed Rule Change

Philadep proposes to modify its existing fees for its Legal Deposit Service. Under the existing schedule, medium volume depositors pay significantly greater costs than high volume depositors. In order to attract new medium volume business while offering its current users more cost competitive pricing, Philadep is consolidating the number of categories for its Legal Deposit Service and modifying the fees that the medium volume participants pay for this service.

The text of the proposed rule change is as follows:

Philadelphia Depository Trust Company—Schedule of Fees
Additions are *italicized*; deletions [bracketed]

5. Legal Deposits

Processing fees are based upon monthly deposit volume:

Volume Level:	
0-100	\$8.50.
101-500	\$6.00.
501-1,000	\$5.50.
1,001-1,700	\$5.00.
1,701-2,500	\$4.50.
2,501-3,000	\$3.50 flat fee for all legal deposits.
3,001 and over	\$2.75 flat fee for all legal deposits.]
<i>1-300</i>	<i>\$8.50</i>
<i>301-3000</i>	<i>\$3.50</i>
<i>3001 and over</i>	<i>\$2.75</i>

No charge for deposit rejects. Transfer agent charges will be passed through to the Participant on an item for item basis.

Philadep believes the proposed change complies with Section 17A of the Act because it provides for the

⁴ 17 CFR 200.30-3(a)(12) (1995).

¹ 15 U.S.C. § 78s(b)(1) (1988).

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