

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

Written comments from DTC participants or others have not been solicited or received.

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

The foregoing rule change has become effective pursuant to section 19(b)(3)(A)(iii) of the Act⁴ and Rule 19b-4(e)(4),⁵ in that the proposal effects change in an existing service of a registered clearing agency that does not adversely affect the safeguarding of securities or funds in the custody or control of the clearing agency or for which it is responsible and does not significantly affect the respective rights or obligations of the clearing agency or persons using the service. 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.

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 at DTC. All submissions should refer to the File No. SR-DTC-96-10 and should be submitted by August 1, 1996.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁶

Jonathan G. Katz,

Secretary.

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[Release No. 34-37397; File No. SR-MSRB-96-03]

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Confirmation, Clearance, and Settlement of Transactions with Customers and Calculations for Confirmation Display

July 2, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934¹ ("Act"), notice is hereby given that on May 29, 1996, the Municipal Securities Rulemaking Board ("MSRB") 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 the MSRB. 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 MSRB proposes to amend MSRB rule G-15 regarding confirmation, clearance, and settlement of transactions with customers, and MSRB rule G-33 regarding calculations for confirmation display.

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 MSRB 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 MSRB has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

⁶ 17 CFR 200.30-3(a)(12) (1995).

¹ 15 U.S.C. § 78s(b)(1) (1988).

² The Commission modified the text of the summaries prepared by the MSRB.

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

Recently, the MSRB amended rule G-15(a) regarding customer confirmations to clarify the customer confirmation requirements and to revise certain requirements regarding disclosure.³ To clarify certain provisions of the rule, a limited set of technical amendments became effective February 26, 1996.⁴

The MSRB has identified a need for two additional technical amendments to clarify certain provisions of the rule. First, revised rule G-15(a)(i)(C)(2)(a) requires dealers to disclose on the confirmation the date and price of the next pricing call.⁵ The provision also requires dealers to print a legend on the confirmation regarding additional call features if there are any call features in addition to the first pricing call. The MSRB's proposal changes the reference from the "first pricing call" to the "next pricing call" to maintain consistency of terms and to avoid confusion. Since a municipal security traded in the secondary market may be traded after the first pricing call, the term next pricing call more clearly identifies the call to be disclosed on the confirmation.

The second proposed technical amendment concerns the requirement in rule G-15(a)(i)(D)(1) to provide a three-part disclosure statement for zero coupon bonds. The rule currently states that the confirmation for zero coupon bonds shall include a statement that there are no periodic payments and that the bond is callable below maturity value without notice by mail to the holder unless registered. The proposed rule change makes clear that the last part of the disclosure statement regarding call provisions for bearer bonds is necessary on confirmation only if the bonds are both callable and available in bearer form.

The proposed rule change also updates references to revised rule G-15(a) that are contained in rule G-15(c) regarding deliveries to customers and that are contained in rule G-33

³ For a complete description of the rule change, refer to Securities Exchange Act Release No. 35953 (July 11, 1995), 60 FR 36843 [File No. SR-MSRB-95-04] (order approving proposed rule change by the MSRB relating to customer confirmations).

⁴ Securities Exchange Act Release No. 36596 (December 15, 1995), 60 FR 66571 [File No. SR-MSRB-95-18] (notice of filing and immediate effectiveness of proposed rule change relating to customer confirmations).

⁵ MSRB rule G-15 defines pricing call as a call feature that represents an "in-whole call" (i.e., a call of the entire issue) that may be used by the issuer without restriction in a refunding.

⁴ 15 U.S.C. 78s(b)(3)(A)(iii) (1988).

⁵ 17 CFR 240.19b-4(e)(4) (1995).

regarding certain calculations for confirmation display.⁶

The MSRB has adopted the proposed rule change pursuant to Section 15B(b)(2)(C) of the Act,⁷ which requires that the MSRB's rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities, to remove impediments to and perfect the mechanism of a free and open market in municipal securities, and, in general, to protect investors and the public interest.

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

The MSRB does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

(C) Self-Regulatory Organization's Statements 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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)⁸ of the Act and pursuant to Rule 19b-4(e)(6)⁹ promulgated thereunder because the proposed rule change (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; (iii) was provided to the Commission for its review at least five days prior to the filing date; and (iv) does not become operative for thirty days from the date of its filing on May 29, 1996. The Commission believes that the proposed rule change does not significantly affect the protection of investors or the public interest and does not impose any significant burden on competition because it makes technical and clarifying changes to an existing MSRB rule. At any time within sixty days of the filing of such 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.

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 the MSRB. All submissions should refer to File No. SR-MSRB-96-03 and should be submitted by August 1, 1996.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Jonathan G. Katz,

Secretary.

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[Release No. 34-37407; File No. SR-NASD-96-19]

Self-Regulatory Organizations; Order Granting Accelerated Approval of Proposed Rule Change by National Association of Securities Dealers, Inc., Relating to Amendments to Forms U-4 and U-5

July 5, 1996.

On May 16, 1996, the National Association of Securities Dealers, Inc. (NASD or Association) filed with the Securities and Exchange Commission (SEC or Commission) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (Act)¹ and Rule 19b-4 thereunder,² a proposed rule change to amend the Uniform Application for Securities Industry

Registration or Transfer, Form U-4, and the Uniform Termination Notice for Securities Industry Registration, Form U-5.

The proposed rule change was published for comment in Securities Exchange Act Release No. 37289 (June 7, 1996), 61 FR 30272 (June 14, 1996). No comments were received by the Commission. This order grants accelerated approval to the proposed amendments.

1. Background and Description of the Proposal

Since November 1993, in support of efforts to redesign the Central Registration Depository (CRD), a task force comprising the North American Securities Administrators Association (NASAA), industry representatives, the SEC, NASD and other SROs has worked to revise the uniform registration forms (Form U-4 and Form U-5). The NASD has undertaken an extensive redesign effort to improve the CRD which will require electronic filing of registration-related forms.³ The redesigned CRD is intended to offer more efficient processing of registration-related filings and user friendly access to information contained in those filings for all industry and regulatory participants.

The revised Forms U-4 and U-5 define how information regarding securities industry representatives and securities firms will be collected and stored in the revised CRD. Implementation of the amended forms will coincide with implementation of the redesigned CRD. The forms revision effort is intended to provide more useful and accurate information for entry into the CRD. The most significant changes relate to the disclosure questions on Forms U-4 and U-5. The revisions will provide for more detailed reporting to support new functionality created by CRD's redesign. The forms have been revised to include:

- Expansion of Page 1 of Form U-4 and the parallel items on Form U-5 to handle the registration of non-members and to accommodate multiple types of registration or notices of termination for Investment Adviser Representative and Agent of Issuer registrations. (In the long term, the new CRD will ultimately contain licensing data bases for non-members.)

³ The Commission is currently reviewing a proposal by the NASD to amend its By-Laws and Membership and Registration Rules to require member firms to submit information on Forms U-4, U-5, and BD via electronic means and to establish electronic filing protocols. File No. SR-NASD-96-21; Securities Exchange Act Release No. 37291 (June 7, 1996), 61 FR 30269 (June 14, 1996).

⁶ The specific changes being made to the MSRB's rules are set forth in the MSRB's proposed rule change, which is available through the MSRB or the Commission's Public Reference Room.

⁷ 15 U.S.C. § 780-(b)(2)(C) (1988).

⁸ 15 U.S.C. § 78s(b)(3)(A)(iii) (1988).

⁹ 17 CFR 240.19b-4(e)(6) (1995).

¹⁰ 17 CFR 200.30-3(a)(12) (1995).

¹ 15 U.S.C. 78s(b)(1) (1988).

² 17 CFR 240.19b-4 (1994).