

APPENDIX A—FEE CHANGES ARISING FROM THE CONVERSION TO AN ALL-SDFS SYSTEM—Continued

Service	Present fee	Revised fee
Issuance instruction (both dealer-placed and directly-placed).	1.66 to the issuer's agent .....	.59 to the issuer's agent.
B. Bearer Securities		
I. Deliver Orders:		
ID .....	.17 for each item delivered or received .....	.20 for each item delivered or received.
PTS, MDH or CCF .....	.33 for each item delivered .....	.39 for each item delivered.
	.25 for each item received .....	.29 for each item received.
II. Long Position:		
For each active issue per month (held by more than 2 Participants).	.58 per issue .....	.59 per issue.
For each less-active issue per month (held by 1 or 2 Participants).	1.33 per issue	1.34 per issue.
Monthly charge on face value		
\$0–\$.5 billion .....	.000006790	No Change.
Excess over .5 billion up to \$1 billion .....	.0000016988	No Change.
Excess over \$1 billion up to \$8 billion .....	.00000084025	No Change.
Excess over \$8 billion .....	.00000042012	No Change.
A monthly surcharge on all positions in Book Bond issues.	1.05 per issue	No Change.
A monthly surcharge on all positions requiring coupon collection from paying agents located outside Metropolitan New York area.	.25 per issue	No Change.
A monthly surcharge on all positions in multiple purpose issues.	.50 per issue	No Change.
A monthly surcharge on all positions in issues denominated in units of \$1,000.	.50 per issue	No Change.
III. Long Position:		
For each active issue monthly (for registered corporate issues when a daily average of more than 15 Participants have positions; and for registered municipal issues when a daily average of more than 2 Participants have positions).	.47 per issue .....	.50 per issue.
For each less-active registered corporate issue monthly (when a daily average of 15 or fewer Participants have position).	.72 per issue .....	.75 per issue.
For each less-active registered municipal issue monthly (when a daily average of 1 or 2 Participants have position).	1.22 per issue	1.25 per issue.
For each 100 shares or \$4,000 bonds (monthly) based on the average daily number of shares or bonds:		
0–25 million shares .....	.0052	No Change.
Excess over 25 million up to 200 million shares.	.0013	No Change.
Excess over 200 million up to 300 million shares.	.000652	No Change.
Excess over 300 million shares .....	.00005	No Change.
For each book-entry-only issue (monthly) .	.31 per issue, no per bond/per share charge ...	No Change.
For each Medium-Term Note (MTN) and Money Market Instrument (MMI) issue (monthly).	.56 per issue, no per bond/per share charge ...	No Change.

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[Release No. 34–36843; File No. SR–DTC–96–03]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Modifications to the Same-Day Funds Settlement System

February 14, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

(“Act”),¹ notice is hereby given that on January 23, 1996, The Depository Trust Company (“DTC”) 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 DTC. The Commission is publishing this notice to

¹ 15 U.S.C. 78s(b)(1) (1988).

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 modify DTC's procedures relating to receiver authorized delivery ("RAD") processing² and to provide participants with the ability to block deliveries of government securities to their DTC accounts. The proposed rule change also amends DTC's processing schedules. The modifications are part of the planned conversion of DTC's money settlement system to an entirely same-day funds settlement ("SDFS") system.

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

In its filing with the Commission, DTC 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. DTC 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

DTC plans to combine its next-day funds settlement ("NDFS") system and its SDFS system into a single SDFS system which will be based on the design of the current SDFS system with some modifications. The conversion was described in three memoranda issued jointly by the National Securities Clearing Corporation and DTC⁴ and was discussed in a DTC proposed rule change approved by the Commission on May 16, 1995.⁵ In order to assure an efficient conversion, some of the

modifications to the current SDFS system are being implemented at various times prior to the conversion date, which is scheduled for February 22, 1996. Most of the modifications to the processing schedule for the SDFS system that are needed for the conversion were implemented on January 25, 1996. A few of the modifications, such as the processing periods applicable to continuous net settlement system activity, will not be implemented until the conversion date because the related activities are part of the current NDFS system, which will remain unchanged until the conversion.

Modifications to DTC's RAD procedures also became effective on January 25, 1996, so that deliveries of new issues submitted during DTC's day cycle will not be subject to the receiving participants' RAD approvals. Because RAD processing delays submission of a delivery instruction to DTC's main processing system, this modification will give delivering participants greater control over the order in which their deliveries are processed at DTC. The modification will help to ensure, for example, that a participant's syndicate deliveries are processed before its customer deliveries if the participant entered the deliveries in that order.

On the conversion date, securities which are eligible for the Federal Reserve's Book-Entry ("FBE") system (i.e., government securities) and which also are currently eligible for DTC's NDFS system will become eligible for DTC's new SDFS system. DTC will offer participants the option to block their DTC accounts for valued or free deliveries and receipts of FBE eligible securities at DTC. This option will enable a participant to prevent a delivery at DTC that the participant is expecting to receive through the FBE system.⁶ Electing to block deliveries and receives of FBE securities will not impact participants' current ability to deposit and withdraw such securities through DTC's link with the Federal Reserve Bank of New York. Pledges and other activities will also not be affected by this election.

DTC believes that the proposed rule change is consistent with Section 17A of the Act and the rules and regulations thereunder because the proposed rule change will facilitate the conversion to an entirely SDFS system and therefore will promote the prompt and accurate clearance and settlement of securities transactions.

⁶ Some DTC participants have expressed to DTC a desire not to have deliveries of FBE securities made to their DTC accounts so participants can more efficiently manage their receipts of FBE securities.

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

DTC perceives no adverse impact on competition by reason of the proposed rule change.

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

Notice of the proposed rule change has been provided to DTC participants in four DTC Important Notices⁷ as well as by the joint memoranda referred to above.⁸ No written comments have been received. DTC will notify the Commission of any written comments received by DTC.

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)⁹ of the Act and pursuant to Rule 19b-4(e)(6)¹⁰ promulgated thereunder because the proposed rule is effecting a change that: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; (3) does not become operative for thirty days from the date of its filing on January 23, 1996, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; and (4) was provided to the Commission for its review at least five days prior to the filing date. The Commission finds good cause for accelerating the operative date of the proposed rule change because the modifications implemented by the rule change will facilitate the planned conversion of DTC's entire money settlement system to an SDFS system. The Commission believes that participants should have the opportunity to become familiar with these modifications to DTC's SDFS system prior to the complete conversion on February 22, 1996. At any time within sixty days of the filing of the 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

⁷ DTC Important Notices (December 22, 1995; December 26, 1995; January 2, 1996; and January 10, 1996).

⁸ *Supra* note 3.

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

¹⁰ 17 CFR 240.19b-4(e)(6) (1994).

² RAD allows a participant to review and either approve or cancel incoming deliveries before they are processed in DTC's system. For a further discussion of DTC's RAD procedures, refer to Securities Exchange Act Release No. 25886 (July 6, 1988), [File No. SR-DTC-88-07] (notice of filing and immediate effectiveness of a proposed rule change implementing DTC's RAD procedures).

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

⁴ The Depository Trust Company and National Securities Clearing Corporation, Memorandum (July 1, 1992; July 26, 1993; and July 29, 1994).

⁵ For additional information regarding DTC's SDFS system, refer to Securities Exchange Act Release No. 35720 (May 16, 1995), 60 FR 27360 [File No. SR-DTC-95-06] (order granting accelerated approval of a proposed rule change modifying the SDFS system).

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 DTC. All submissions should refer to File No. SR-DTC-96-03 and should be submitted by March 13, 1996.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹¹

Margaret H. McFarland,
Deputy Secretary.

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[Release No. 34-36840; File No. SR-NASD-96-05]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to the Mutual Fund Quotation Service

February 13, 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 5, 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 proposed rule change revises the fee structure for the Mutual Fund Quotation Service ("MFQS" or "Service") and updates the name of the Service in the NASD Rules. Specifically, the proposed rule change amends Part VIII and Part XIV of Schedule D to the NASD By-Laws.¹ Below is the text of the proposed rule change. (Additions are italicized; deletions are bracketed.)

Part VIII

Schedule of NASD Charges for Services and Equipment

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I. Mutual Fund Quotation Service [Program]

Funds included in the Mutual Fund Quotation Service [Program] shall be assessed an annual fee of \$275 [\$150] per fund authorized for the News Media Lists and \$200 [\$100] per fund authorized for the Supplemental List. Funds authorized during the course of an annual billing period shall receive a proration of these fees, but no credit or refund shall accrue to funds terminated during an annual billing period. *In addition, there shall be a one-time application processing fee of \$250 for each new fund authorized.*

* * * * *

Part XIV

Mutual Fund Quotation Service [Program]

A. Description

The Mutual Fund Quotation Service [Program] collect and disseminates through The Nasdaq Stock Market prices for both mutual funds and money market funds.

B. Eligibility Requirements

To be eligible for participation in the Mutual Fund Quotation Service [Program], a fund shall:

1. through 4.—No change.

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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

¹ Pursuant to a new rule numbering system for the NASD Manual anticipated to be effective no later than May 1, 1996, the rules that are the subject of this proposed rule change will become Rule 7090 (regarding fee structure), and Rule 6800 (regarding description). See Exchange Act Release No. 36698 (January 11, 1996), 61 FR 1419 (January 19, 1996) (order approving new rule numbering system).

the purpose of and basis for the proposed rule change and discussed any comments if 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) 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 revise the free structure for the Mutual Fund Quotation Service to account for significant enhancements and to reflect more accurately the value of the Service in today's market. The Service facilitates the public dissemination of daily price information for mutual funds and money market funds through broadcast media and newspapers. After the market close each day, mutual fund companies or their agents calculate the net asset value ("NAV"), and in some cases the dividend, capital gain, and other pertinent information for each fund. This information is submitted to the NASD by computer, which in turn disseminates it out to the media in a static batch transmission at approximately 5:40 p.m. Depending on the size and number of shareholders, funds may qualify for inclusion in either the News Media List or the Supplemental List.

Under the proposed rule change, the fee for including a fund in the News Media List will increase from \$150 to \$275 per year, and the fee for the Supplemental List will increase from \$100 to \$200 per year. In addition, new funds will now be assessed a one-time application processing fee of \$250 per fund.

The NASD notes that the current fees have remained unchanged since inception of the Service more than ten years ago, while the number of funds and shareholder accounts have increased more than three-fold during the same period. The increased reliance on daily price information and the importance of distributing this information in a timely fashion has necessitated several enhancements to the Service, including the launch of a rolling dissemination system. Rolling dissemination of prices will allow mutual funds and their agents to enter real-time updates throughout the day, and enable the media to receive fund NAVs as soon as they are available. This gives the media more time to prepare their daily fund tables for inclusion in

¹¹ 17 CFR 200.30-3(a)(12) (1995).