

a physical securities certificate. Under the structure for DRS developed by a joint committee of representatives of the Securities Industry Association, the Securities Transfer Association, and the Corporate Transfer Agents Association, issuers or transfer agents desiring to establish a DRS Program and meeting certain criteria would become DRS "Limited Participants" at DTC (see Important Notice B#1368-96).

In connection with certain recent actions by the New York Stock Exchange to amend the Exchange's listing standards as they apply to DRS issues, DTC is amending the criteria which must be met by entities wishing to become DRS Limited Participants at DTC. Under the original criteria as recently filed for approval with the SEC, transfer agents or issuers seeking admission to DTC as Limited Participants for the purpose of participating in DRS are required to, among other things, accept dividend reinvestment instructions from DTC on DRS issues which offer Dividend Reinvestment Plans. DTC will no longer require those seeking DRS Limited Participant status to meet this requirement as a condition precedent to membership.

Nevertheless, DTC continues to believe that the issue of "open access" to issuers' Dividend Reinvestment Plans for investors holding their positions through the depository is a significant one. The current exclusion of these investors by some issuers' plans is inappropriate and conflicts directly with the industry's efforts to promote efficient clearance and settlement practices. DTC will continue to press the SEC and issuers to make Dividend Reinvestment Plans available to all investors without regard to the form in which securities are held, working with others in the industry to achieve this important objective.

Please direct your questions to the undersigned at (516) 227-4004.

Ronald J. Burns,

Vice President, Operations.

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[Release No. 34-37806; File No. SR-GSCC-96-10]

Self-Regulatory Organizations; Government Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Substitution of Officer Titles

October 10, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on September 19, 1996, the Government Securities Clearing Corporation ("GSCC") 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 GSCC. On September 30, 1996, GSCC filed an

amendment 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

The proposed rule change will revise GSCC's by-laws and rules to replace the titles of "First Vice President," "Senior Vice President," and "Executive Vice President" with the new title of "Managing Director."

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

In its filing with the Commission, GSCC 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. GSCC 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

In order to conform GSCC's management structure with that of its members, GSCC has created a new title, "Managing Director," in lieu of the titles "First Vice President," "Senior Vice President," and "Executive Vice President." The purpose of this rule change is to modify GSCC's rules and by-laws to accommodate this change. Article III, Section 3.1 of GSCC's by-laws is being amended to establish the position of Managing Director as an officer of GSCC. Similarly, the definition of "Officer of the Corporation" contained in Rule 1 is being amended to replace First Vice President, Executive Vice President, and Senior Vice President with Managing Director. Article III, Section 3.5, which describes the powers and duties of Vice Presidents, is being revised to establish the powers and duties in Managing Directors that currently exists in Vice Presidents.⁴ Article I, Sections 1.2 and 1.8 and Article V, Section 5.1 of the by-

² Letter from Karen Walraven, Vice President and Associate Counsel, GSCC, to Jerry W. Carpenter, Assistant Director, Division of Market Regulation, Commission (September 27, 1996).

³ The Commission has modified such summaries.

⁴ In the absence or inability of the President to act, Section 3.5 is amended to replace Vice President with Managing Director as that officer who is to act in place of the President.

laws are being revised to permit Managing Directors, rather than Vice Presidents, to call special meetings, to serve as presiding officers of meetings, and to sign GSCC's share certificates.

GSCC's rules are being amended to authorize Managing Directors to act in those instances where First Vice Presidents, Senior Vice Presidents, or Executive Vice Presidents were formerly authorized to take certain actions. Specifically, Rule 22, Suspension of Rules, is being amended to allow any officer having a rank of Managing Director or higher, instead of any officer to extend, waive, or suspend time requirements fixed by GSCC's rules.⁵ Rule 23, Action by the Corporation, is being revised to allow only officers having a rank of Managing Directors or higher to act for GSCC.

The proposed rule change is consistent with the requirements of Section 17A of the Act⁶ in that it makes technical modifications to GSCC's by-laws and rules so that they coincide with GSCC's new internal management structure.

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

GSCC does not believe that the proposed rule change will impact or impose a burden on competition.

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

Written comments relating to the proposed rule change have not yet been solicited or received. Members will be notified of the rule change filing and comments will be solicited by an Important Notice. GSCC will notify the Commission of any written comments received by it.

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 Act⁷ and Rule 19b-4(e)(3)⁸ thereunder in that the proposed rule change is concerned solely with the administration of GSCC. At any time within sixty days after the filing of such rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is

⁵ Pursuant to the definition of officer of GSCC, the positions of Chairman of the Board, Vice Chairman of the Board, and President have a higher rank than Managing Director.

⁶ 15 U.S.C. 78q-1 (1988).

⁷ 15 U.S.C. 78s(b)(3)(A)(iii) (1988).

⁸ 17 CFR 240.19b-4(e)(3) (1996).

¹ 15 U.S.C. 78s(b)(1) (1988).

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 Section, 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 GSCC. All submissions should refer to File No. SR-GSCC-96-10 and should be submitted by November 8, 1996.

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

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-37809; File No. SR-NYSE-96-29]

Self-Regulatory Organizations; New York Stock Exchange Inc.; Notice of Filing of Proposed Rule Change Relating to Stock Distributions

October 10, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on October 10, 1996, the New York Stock Exchange Inc. ("NYSE") 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 NYSE. 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

Currently, the NYSE requires listed companies to mail stock certificates to record holders for all distributions, such as stock splits, mergers, and spin-offs, other than those relating to dividend reinvestment plans ("DRIPs") and dividend reinvestment stock purchase plans ("DRSPPs"). The NYSE proposes to rescind this policy. Accordingly, listed companies engaged in distributions will be permitted to offer shareholders whose ownership of stock is directly registered with them or their transfer agents the choice of receiving either certificates or account statements.

The NYSE is proposing to rescind the current policy due to the decreasing importance of physical certificates, the technological enhancements in the automation of stock ownership records, and a recent rule filing by The Depository Trust Company ("DTC") proposing to commence an electronic "direct registration system" ("DRS").² DRS will provide a linkage between transfer agents, broker-dealers, and DTC and will allow an investor to move a stock position from a transfer agent to a broker-dealer in connection with a sale of that stock. As a condition to offering an issuer the choice of sending investors certificates or account statements for distribution other than DRIPs and DRSPPs, the proposed rule change would require the issuer to include its stock in a DRS. Such a DRS must be operated by a registered clearing agency and must be available for exchange-traded stock.

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

In its filing with the Commission, NYSE 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. NYSE has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.³

² In its original filing, DTC proposed that DRS be available only for issuers that, among other things, allows investors holding stock in "street" or nominee name to participate in a company's DRIP. Securities Exchange Act Release No. 37778 (October 3, 1996), 61 FR 52985. In an amendment to the filing, DTC deleted that eligibility requirement. Securities Exchange Act Release No. 37800 (October 9, 1996).

³ The Commission has modified parts of these 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 rescind the NYSE's policy of requiring listed companies to provide registered holders with share certificates for all stock distributions except for DRIPs and DRSPPs. The NYSE is proposing to rescind this policy in light of changes in the securities marketplace, including the decreasing importance of physical certificates and the technological enhancements in the automation of stock ownership records. The NYSE also is acting in response to the DRS proposal of DTC.

With respect to changes in the marketplace, a declining number of shareholders hold stock certificates. Approximately seventy percent to eighty percent to all outstanding shares of issuers are held in "street" name whereby investors place their securities with a broker-dealer or bank, which registers the securities in its own name as nominee. Investors receive account statements evidencing their securities positions.

In addition, a growing number of investors hold securities through direct registration in their own names on the shareholder register but without receiving certificates. Such investors receive account statements from the issuer or its transfer agent. A major source of such holdings are DRIPs and DRSPPs with at least one thousand public companies are offering these plans.

Permitting listed companies, in effect, to offer their registered holders account statements in lieu of certificates is consistent with technological advancements in account management systems. Today, corporate issuers or their transfer agents maintain automated systems for recording stock ownership. The NYSE believes that registered holders should benefit from this automation and have the opportunity to forego certificates. This follows the practice in other securities markets where account statements are already commonplace, as in the case of securities issued by open-ended investment companies and by the U.S. Treasury Department.

Repealing the policy also is consistent with DRS. DRS will allow investors whose share ownership is recorded directly on the issuer's register the ability to transfer their stock positions electronically to a bank or broker-dealer in connection with a sale. DRS, which will begin with a pilot program later this year, is the result of two year's work.

¹ 15 U.S.C. 78s(b)(1) (1988).