

Additionally, MSTC and MCC are deleting their respective rules relating to Temporary Sponsored Participants and Accounts.⁸

MSTC and MCC believe that the rule changes are consistent with Section 17A⁹ of the Act because the amendments will facilitate the prompt and accurate clearance and settlement of securities transactions and are designed to assure the safeguarding of securities and funds which are in their control or for which they are responsible.

III. Discussion

Section 17A(b)(3)(F) of the Act¹⁰ requires that the rules of a clearing agency be designed to remove impediments to and perfect the national system for the clearance and settlement of securities transactions. The Commission believes that MSTC's and MCC's By-law amendments in response to MSTC's withdrawal from the securities depository business and MCC's withdrawal from the securities clearance and settlement business are consistent with their obligations under Section 17A(b)(3)(F) of the Act. Specifically, eliminating rules relating to nominations for board membership, the Risk Assessment Committee, the appeals process, audits and financial reports, and Temporary Sponsored Participants and Accounts, will eliminate duplicative and obsolete rules without any substantive effect.

The Commission believes that MSTC's and MCC's amendments to their By-Laws to eliminate the requirement that participants receive information relating to the nomination and election of board members should remove rules that are currently obsolete in light of MSTC's and MCC's withdrawal from the securities depository business and securities clearance and settlement businesses. Specifically, because MSTC no longer has any active participants, it is no longer appropriate to require MSTC to provide participants with information relating to the nomination and election of board members. Additionally, membership in the CHX is a prerequisite to being accepted by MCC as a Sponsored Participant. Therefore, all of MCC's Sponsored Participants are CHX members, and as CHX members, MCC's Sponsored Participants receive information relating to the nomination and election of the CHX board of governors pursuant to CHX rules.

The Commission believes that it is appropriate for MSTC and MCC to delete the provisions in their rules relating to their respective Risk Assessment Committees. Specifically, in light of MSTC's withdrawal from the securities depository business and MCC's withdrawal from the securities clearance and settlement business, it is no longer necessary to maintain a Risk Assessment Committee that serves as an appellate review board and independent consultant to management.

Because MSTC has no members and because all MCC participants are also required to be CHX floor members, the Commission believes that it is appropriate for MSTC and MCC to amend their respective ceasing to act appeal processes to conform to similar procedures currently used by the CHX for emergency suspensions. Additionally, all MCC participants would still be subject to the CHX's rules regarding emergency suspensions.

The Commission believes that eliminating MSTC's and MCC's respective rules relating to audits and financial reports, and Temporary Sponsored Participants and Accounts is consistent with the Act because, in light of MSTC's and MCC's withdrawal from the securities depository business and securities clearance and settlement business, it is no longer necessary to produce independent financial statements or maintain internal accounting controls. For example, currently, there are no internal operations at MSTC, and MCC no longer maintains independent positions of securities. MCC merely acts as a conduit for Sponsored Participants to enable them to hold their positions at the National Securities Clearing Corporation. As a result, it is no longer necessary to produce independent financial statements or maintain internal accounting controls. Additionally, MSTC's and MCC's financial statements would still be reflected as part of the consolidated annual audited financials of their parent, the CHX.

IV. Conclusion

On the basis of the foregoing, the Commission finds that MSTC's and MCC's proposed rule changes are consistent with the requirements of the Act and in particular with Section 17A of the Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule changes (File Nos. SR-MSTC-96-04 and SR-MCC-96-04) be, and hereby are, approved.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-27610 Filed 10-25-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37846; File No. SR-Philadep-96-13]

Self-Regulatory Organizations; Philadelphia Depository Trust Company; Order Granting Permanent Approval of Proposed Rule Change Concerning Procedures Relating to Rule 17Ad-16

October 21, 1996.

On July 2, 1996, Philadelphia Depository Trust Company ("Philadep") filed a proposed rule change (File No. SR-Philadep-96-13) with the Securities and Exchange Commission ("Commission") pursuant to Section 19(b) of the Securities Exchange Act of 1934 ("Act").¹ Notice of the proposal was published in the Federal Register on August 20, 1996, to solicit comments from interested persons.² No comments were received. As discussed below, this order approves the proposed rule change.

I. Description

On July 20, 1995, the Commission approved on a temporary basis a proposed rule change filed by Philadep to modify its procedures to implement Exchange Act Rule 17Ad-16.³ Rule 17Ad-16⁴ is designed to address the current and continuing problem of transfer delays due to unannounced transfer agent changes, including the change of a transfer agent for a particular issue and the change of the name or address of a transfer agent. The rule requires a registered transfer agent to send a notice to the "appropriate qualified registered securities depository"⁵ when assuming or

¹ 15 U.S.C. 78s(b) (1988).

² Securities Exchange Act Release No. 37558 (August 12, 1996), 61 FR 43110.

³ Securities Exchange Act Release No. 36002 (July 20, 1995), 60 FR 38602.

⁴ 17 CFR 240.17Ad-16. Securities Exchange Act Release No. 35039 (December 1, 1994), 59 FR 63656 (order adopting Rule 17Ad-16).

⁵ An "appropriate qualified register securities depository" is defined by Rule 17Ad-16 to mean the qualified registered securities depository that the Commission so designates by order, or in the absence of such designation, the qualified registered securities depository that is the largest holder of record of all qualified registered securities depositories as of the most recent record date. A "qualified registered securities depository" is defined by Rule 17Ad-16 to mean a clearing agency

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⁸ MSTC is Article VIII, Rules 1 through 5, and MCC is amending Article XI, Rules 1, 2(a), 2(b), 2(c), 3(a), 3(b), 3(c), 5(d), 7(a) through 7(e), 7(g), 7(i), 10(a), 11(a), 11(d)(3) through 11(d)(6), and 11(e) through 11(i) and deleting Rules 5(c), 7(f), and 7(h).

⁹ 15 U.S.C. 78q-1 (1988).

¹⁰ 15 U.S.C. 78q-1(b)(3)(F) (1988).

terminating transfer agent services on behalf of an issuer or when changing its name or address.

Philadep has established the following as procedures for complying with Rule 17Ad-16. The Depository Trust Company ("DTC"), as the appropriate qualified registered securities depository, will inform Philadep of all transfer agent changes within twenty-four hours regardless of whether the issue is eligible at Philadep.⁶ For issues that are eligible at Philadep, Philadep will update its security masterfile to reflect the changes in transfer agents for affected issues. Philadep participants may access this information through Philanet.⁷ In order to comply with Rule 17Ad-16 for issues that are DTC eligible but are not Philadep eligible, Philadep will make transfer agent information available to its participants in the form of a Philanet broadcast message. The Philanet broadcast messages will print at the participants' offices. Furthermore, if participants want to call Philadep for transfer agent information for securities that are not Philadep eligible, they may contact Philadep Operations.

Philadep will keep the broadcast messages and its transfer agent changes notification manifest at its office in accordance with the record retention requirement contemplated in Rule 17Ad-16. Whether eligible or not eligible at Philadep, Philadep has stated that it will serve to inform its participants of the status of the current transfer agent. Philadep anticipates that few, if any, Philadep only participants will deal directly with transfer agents. Assuming that any such participants do deal directly with transfer agents, Philadep further anticipates that these participants will conduct de minimus activity in issues that are not Philadep-eligible. Moreover, all Philadep participants may request that Philadep review a security not eligible at Philadep with respect to making the issue eligible at Philadep on the same day of the request.

registered under Section 17A of the Act that performs clearing agency functions and that has rules and procedures concerning its responsibility for maintaining, updating, and providing appropriate access to the information it receives.

⁶ Securities Exchange Act Release No. 35378, 60 FR 9875 (February 15, 1995).

⁷ Philanet is Philadep's on-line terminal network system. Philanet allows participants to access information affecting their accounts through an on-site terminal located at the participants' offices.

In order to specifically access the transfer agent information, participants must access "RQST," must enter the account and CUSIP number, and then must access the "SPOL" screen. This screen will reveal the current transfer agent and its address.

II. Discussion

The Commission believes Philadep's proposed rule change is consistent with Section 17A of the Act,⁸ and the rules and regulations thereunder applicable to registered securities depositories. The proposed rule change will allow Philadep to comply with Commission Rule 17Ad-16 which requires registered securities depository to provide their participants with notices received from a transfer agent, directly or through the appropriate qualified registered securities depository, when the transfer agent is terminating or assuming transfer agent services on behalf of an issuer or when changing its name or address.

III. Conclusion

For the reasons stated above, the Commission finds that Philadep's proposal is consistent with Section 17A of the Act.⁹

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁰ that the proposed rule change (File No. SR-Philadep-96-13) be and hereby is approved.

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

[FR Doc. 96-27527 Filed 10-25-96; 8:45 am]

BILLING CODE 8010-01-M

DEPARTMENT OF STATE

[Public Notice No. 2438]

Shipping Coordinating Committee Council and Associated Bodies; Notice of Meeting

The Shipping Coordinating Committee (SHC) will conduct an open meeting at 9:00 AM on Wednesday, November 13, 1996, in Room 6303, at U.S. Coast Guard Headquarters, 2100 Second Street, SW, Washington, DC 20593-0001. The purpose of the meeting is to finalize preparations for the 77th session of the Council and the 43rd Session of the Technical Cooperation Committee of the International Maritime Organization (IMO), which is scheduled for November 18-22, 1996, at IMO Headquarters in London. At the meeting, discussions will focus on papers received and draft U.S. positions. Among other things, the items of particular interest are:

a. Reports of the IMO committees

⁸ 15 U.S.C. 78s (1988).

⁹ 15 U.S.C. 78q-1 (1988).

¹⁰ 15 U.S.C. 78s(b)(2) (1988).

¹¹ 17 CFR 200.30(a)(12) (1996).

- b. Review of the IMO technical cooperation activities
- c. Relations with the United Nations
- d. Reports for World Maritime University and International Maritime Law Institute
- e. Work program and budget for 1996-1997
- f. Administrative and financial matters

Members of the public may attend the meeting up to the capacity of the room. Interested persons may seek information by writing: Mr. Gene F. Hammel, U.S. Coast Guard Headquarters (G-CI), 2100 Second Street, SW, Room 2114, Washington, DC 20593-0001, by calling: (202) 267-2280, or by faxing: (202) 267-4588.

Dated: October 22, 1996.

Russell A. Lamantia,
Chairman, Shipping Coordinating Committee.
[FR Doc. 96-27544 Filed 10-25-96; 8:45 am]

BILLING CODE 4710-07-M

COMMISSION ON UNITED STATES—PACIFIC TRADE AND INVESTMENT POLICY/OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Notice of Meetings of the Commission on United States Pacific Trade and Investment Policy

AGENCY: Commission on United States—Pacific Trade and Investment Policy/Office of the United States Trade Representative.

ACTION: Notice that the next two meetings of the Commission on United States—Pacific Trade and Investment Policy are scheduled for October 30, 1996 and November 8, 1996 from 9:30 a.m. to 5:30 p.m. These meetings will be closed to the public.

SUMMARY: The Commission on United States—Pacific Trade and Investment Policy will hold two meetings one on October 30, 1996 and one on November 8, 1996 from 9:30 a.m. to 5:30 p.m. These meetings will be closed to the public. These meetings will include a review and discussion of current issues affecting U.S. trade policy with Asia and discussion of the Commission's final recommendations for its report to the President. Pursuant to Section 2155(f)(2) of Title 19 of the United States Code, the USTR has determined that these meetings will be concerned with matters the disclosure of which would seriously compromise the development by the United States Government of trade policy, priorities, negotiating objectives or bargaining positions with respect to the operation of any trade agreement and other matters arising in connection