

6(a), 7, 9(a), 10, 12(b) and 12(f) of the Act and Rules 43, 45 and 54 thereunder.

CSW and the Subsidiaries propose to continue, through March 31, 2002, their short-term borrowing program, which includes the sale of commercial paper by CSW to commercial paper dealers and financial institutions and the sale of short-term notes to banks and their trust departments by CSW and the Subsidiaries ("External Program") and the CSW System Money Pool ("Money Pool"), as previously authorized by orders dated June 15, 1994, March 18, 1994, September 28, 1993, March 31, 1993 and March 21, 1995 (HCAR Nos. 26066, 26007, 25897, 25777 and 26254, respectively) ("Prior Orders"). In view of certain restrictions on the amount of unsecured short-term debt that CPL, PSO, SWEPCO and WTU may have outstanding under the terms of their respective charters, it is proposed that all borrowing under the Money Pool will be secured by a subordinated lien on certain assets of the borrowing company.

The aggregate principal amounts of short-term borrowing outstanding at any one time requested by CSW and its Subsidiaries are as follows: CSW—\$1.2 billion; CPL—\$300 million; PSO—\$125 million; SWEPCO—\$150 million; WTU—\$65 million and Services—\$110 million. The aggregate principal amount of outstanding borrowings for CSW and its Subsidiaries together will not exceed \$1.2 billion.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Jonathan G. Katz,

Secretary.

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[Release No. 34-37916; File No. SR-DTC-96-17]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of a Proposed Rule Change Relating to the Movement of Securities Positions Within a Collateral Group

November 1, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on October 4, 1996, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-DTC-96-17) as described in Items I, II, and III below, which items have been prepared

primarily by DTC. 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

DTC is filing the proposed rule change to offer a new service to its participants to permit movement of securities positions within a collateral group. In addition, DTC proposes to charge a fee for this new service of \$.43 per transaction.

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.²

(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 offer a new service to DTC participants that permits movement of securities positions within a collateral group. Rule 15c3-3 under the Act³ requires, among other things, that broker-dealers maintain control of fully-paid or excess margin securities they hold for the accounts of customers ("customer fully-paid securities"). In 1988, DTC developed the Memo Segregation Service ("Memo Seg") in order to assist broker-dealer participants in complying with Rule 15c3-3. Using Memo Seg, a participant can create a "memo" position within its free account enabling a participant to avoid making an unintended delivery of a designated quantity of customer fully-paid securities that either are in the participant's free account or are expected to be received into that account.

However, some participants prefer to comply with Rule 15c3-3 by moving customer fully-paid securities from their free account to an additional DTC account established by the participant. Several months ago, DTC was asked to

consider developing a new service that would accommodate transfers of customer fully-paid securities from a participant's free account to an additional account within the same collateral group and do so using certain procedures that would be less expensive than a regular book-entry delivery.⁴

Since transfers of securities from one account to another within the same collateral group of a participant have no effect on the participant's collateral monitor or net debit position, DTC can eliminate certain processing steps associated with other kinds of book-entry deliveries.⁵ The unit cost and proposed fee for this new service is \$.43 per transaction.

DTC believes the proposed rule change will help broker-dealer participants protect customer fully-paid securities in order to comply with Rule 15c3-3 under the Act by allowing them to move such securities from participants' free account to an additional DTC account within the same collateral group. This should permit participants to more easily maintain control of customer fully-paid securities they hold. Furthermore, DTC believes the proposed rule change is consistent with the requirements of Section 17A of the Act⁶ and the rules and regulations thereunder because DTC will implement the proposed rule change in a manner designed to safeguard the securities and funds in DTC's custody or under its control.

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

DTC 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 Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

The proposed rule change has been discussed with a limited number of DTC participants. Written comments from DTC participants have not been solicited or received on the proposed rule change.

⁴ A participant with multiple accounts may group its accounts into "families" (i.e., "collateral groups") and instruct DTC to allocate a specified portion of its overall collateral and net debit cap to each family.

⁵ For example, because a participant's collateral monitor and net debit position are not affected by transfers within a collateral group, DTC credit and collateral controls need not be checked prior to such transfer.

⁶ 15 U.S.C. 78q-1 (1988).

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

³ 17 CFR 240.15c3-3 (1996).

¹ 15 U.S.C. § 78s(b)(1) (1988).

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 DTC 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 DTC.

All submissions should refer to the file number SR-DTC-96-17 and should be submitted by November 29, 1996.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁷

Jonathan G. Katz,

Secretary.

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[Release No. 34-37917; File No. SR-NASD-96-41]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to an Extension of the NASD's Short Sale Rule

November 1, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on October 29, 1996, the National Association of Securities Dealers, Inc. ("NASD" or "Association") filed with the Securities and Exchange Commission ("Commission" or "SEC") 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 and order to solicit comments on the proposed rule change from interested persons and to grant accelerated approval of the proposed rule change.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The NASD is proposing to extend the pilot program for its short sale rule until October 1, 1997. The text of the proposed rule change is as follows. (Additions are italicized; deletions are bracketed.)

* * * * *

NASD Rule 3350

* * * * *

(1) This section shall be in effect until *October 1, 1997* [November 4, 1996].

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 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 V 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

1. Background and Description of the NASD's Short Sale Rule

On June 29, 1994, the SEC approved the NASD's short sale rule applicable to short sales² in Nasdaq National Market ("NNM") securities on an eighteen-month pilot basis through March 5, 1996.³ The NASD's short sale rule prohibits member firms from effecting short sales at or below the current inside bid as disseminated by Nasdaq whenever that bid is lower than the previous inside bid.⁴ The Rule is in effect during normal domestic market hours (9:30 a.m. to 4:00 p.m., Eastern Time).

In order to ensure that market maker activities that provide liquidity and continuity to the market are not adversely constrained when the short sale rule is invoked, the Rule provides an exemption to "qualified" Nasdaq market makers. Even if a market maker is able to avail itself to the qualified market maker exemption, it can only utilize the exemption from the short sale rule for transactions that are made in connection with bona fide market making activity. If a market maker does not satisfy the requirements for a qualified market maker, it can remain a market maker in the Nasdaq system, although it cannot take advantage of the exemption from the Rule.

² A short sale is a sale of a security which the seller does not own or any sale which is consummated by the delivery of a security borrowed by, or for the account of, the seller. To determine whether a sale is a short sale members must adhere to the definition of a "short sale" contained in SEC Rule 3b-3, which rule is incorporated into Nasdaq's short sale rule by NASD Rule 3350(k)(1).

³ See Securities Exchange Act Release No. 34277 (June 29, 1994), 59 FR 34885 (July 7, 1994) ("Short Sale Rule Approval Order"). The termination date for the pilot program has subsequently been extended through November 4, 1996. See Securities Exchange Act Release Nos. 36171 (August 30, 1995), 60 FR 46651; 36532 (November 30, 1995), 60 FR 62519; and 37492 (July 29, 1996), 61 FR 40693.

⁴ Nasdaq calculates the inside bid or best bid from all market makers in the security (including bids on behalf of exchanges trading Nasdaq securities on an unlisted trading privileges basis), and disseminates symbols to denote whether the current inside bid is an "up bid" or a "down bid." Specifically, an "up bid" is denoted by a green "up" arrow and a "down bid" is denoted by a red "down" arrow. Accordingly, absent an exemption from the rule, a member can not effect a short sale at or below the inside bid for a security in its proprietary account or a customer's account if there is a red arrow next to the security's symbol on the screen. In order to effect a "legal" short sale on a down bid, the short sale must be executed at a price at least a 1/16th of a point above the current inside bid. Conversely, if the security's symbol has a green up arrow next to it, members can effect short sales in the security without any restrictions.

⁷ 17 CFR 200.30-3(a)(12) (1996).

¹ 15 U.S.C. § 78s(b)(1).