

The Commission believes the proposal is consistent with Section 6(b)(5)<sup>6</sup> because it is designed to promote just and equitable principles of trade and to help perfect the mechanism of a free and open market. As described above, these new changes are intended to address trading situations where a Floor member, representing at the same time buy and sell orders at the minimum variation for the same customer, may be perceived as having a time and place advantage over other market participants in that he or she may be able to trade for the same customer without leaving the Trading Crowd. By requiring the entry of a new liquidating order, the Commission believes the proposed rule will minimize any such perceived advantage.

In addition, the proposed rule change will conform the Exchange's rules to the rules of another exchange, which also restricts intra-day trading.<sup>7</sup>

#### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>8</sup> that the proposed rule change (SR-Amex-97-02) is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>9</sup>

**Jonathan G. Katz,**  
Secretary.

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[Release No. 34-38404; File No. SR-DTC-97-03]

#### Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Modify the Receiver Authorized Delivery and Reclamation Procedures for Payment Orders

March 14, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on February 4, 1997, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission

("Commission") the proposed rule change (File No. SR-DTC-97-03) 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

The purpose of the proposed rule change is to modify DTC's Receiver Authorized delivery ("RAD") procedures and reclamation procedures with respect to payment orders.

#### 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.<sup>2</sup>

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

The purpose of the proposal is to modify DTC's RAD procedures and reclamation procedures with respect to payment orders. DTC proposes (1) To reduce the minimum bilateral RAD threshold for payment orders from \$15 million to \$1 million, (2) to modify a Participants Terminal System ("PTS") function (RADL) to enable a participant to set a different RAD limit for payment orders and deliver orders for each contra-participant, and (3) to allow only matched reclaims of payment orders with a value less than \$1 million to bypass risk management controls (*i.e.*, collateral monitor and net debit caps). DTC is proposing this rule change in order to reduce the risk to DTC and its participants of failure-to-settle situations.

In 1995, DTC modified its RAD procedures in preparation for the same-day funds settlement ("SDFS") conversion.<sup>3</sup> The modifications to RAD procedures established a \$15 million

minimum bilateral RAD limit one participant can impose on another participant. Under the modified procedure, the receiver of a payment order with a value of less than \$15 million generally does not have an opportunity to review and approve the transaction.<sup>4</sup> The RAD modifications were implemented to minimize the number of transactions subject to RAD and the related possibility for transaction blockage once all activities were converted to SDFS.

DTC also modified its reclamation procedures in preparation for the SDFS conversion and in conjunction with the modifications to RAD procedures to ensure that this policy did not cause undue burden on participants.<sup>5</sup> Under the modified reclamation procedures, a matched reclaim<sup>6</sup> of a payment order or deliver order with a settlement value less than \$15 million is currently not subject to risk management controls.

However, payment orders differ from deliver orders because payment orders are "money-only" transactions and do not involve securities. When a payment order is processed, the receiver of the payment order receives a settlement debit but does not receive any securities that could serve as collateral for the debit incurred. Similarly, if a payment order is reclaimed, the receiver of the reclamation incurs a debit without receiving offsetting securities as collateral. DTC has determined that there is more risk inherent in the reclamation of payment orders than in the reclamation of deliver orders because the reclamation of payment orders would more likely cause a participant's account to become undercollateralized. Therefore, DTC believes that a more conservative approach with respect to RAD procedures and reclamation procedures is appropriate for payment orders.

Under the proposed rule change, RAD procedures and reclamation procedures for payment orders will be modified as follows: (1) the minimum bilateral RAD threshold for payment orders will be reduced to \$1 million from \$15 million; (2) the PTS function (RADL) will be modified to enable a participant to set a different RAD limit for payment orders

<sup>4</sup> Original payment orders submitted between 3:00 p.m. and 3:20 p.m. are subject to RAD regardless of their settlement value.

<sup>5</sup> Securities Exchange Act Release No. 36476 (November 9, 1995), 60 FR 57728 [File No. SR-DTC-95-16] (notice of filing and order granting accelerated approval of a proposed rule change relating to the modification of DTC's reclamation procedures).

<sup>6</sup> A reclaim is deemed to be "matched" if its corresponding original delivery was processed on the current processing day or the preceding business day.

<sup>6</sup> *Id.*

<sup>7</sup> See New York Stock Exchange ("NYSE") Rule 95; Securities Exchange Act Release No. 34363 (July 13, 1994), 59 FR 36808 (July 19, 1994) (order approving the NYSE's amendments to Rule 95 which added intra-day trading provisions). The Commission incorporates by reference the discussion and analysis contained in the July 1994 Release.

<sup>8</sup> 15 U.S.C. 78s(b)(2).

<sup>9</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> The Commission has modified the text of the summaries prepared by DTC.

<sup>3</sup> 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 DTC's SDFS system).

and deliver orders for each contra-participant; and (3) matched reclaims of payment orders with a value less than \$1 million will not be subject to risk management controls.

DTC does not anticipate that these modifications will cause significantly greater transaction volume. Approximately 98.5% of payment orders processed by DTC are valued at an amount less than \$1 million. Furthermore, DTC estimates that approximately 600–800 payment orders of the 50,000 payment orders processed by DTC on a daily basis could potentially be subject to the proposed RAD approval procedures.

DTC believes that the proposed rule change is consistent with Section 17A of the Act<sup>7</sup> and the rules and regulations thereunder because it will provide for the equitable allocation of dues, fees, and other charges among participants.

*(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*

On December 13, 1996, DTC sent its participants an Important Notice describing the proposed rule change. The proposed rule change has been discussed with a limited number of participants. None of the participants with whom DTC discussed the proposed rule change expressed any opposition to its adoption. Written comments from DTC participants have not been solicited or received on the proposed rule change.

**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)<sup>8</sup> of the Act and pursuant to Rule 19b-4(e)(6)<sup>9</sup> 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 February 4, 1997, 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. 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 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, NW., 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, NW., 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-97-03 and should be submitted by April 11, 1997.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

**Jonathan G. Katz,**

*Secretary.*

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**DEPARTMENT OF TRANSPORTATION**

**Office of the Secretary**

**Privacy Act of 1974: Deletion of a System of Records Notice**

**AGENCY:** Office of the Secretary, DOT.

**ACTION:** Notice to delete a system of records notice.

**SUMMARY:** The Department of Transportation is deleting the following

system from its inventory of Privacy Act systems of records notices.

**EFFECTIVE DATE:** March 21, 1997.

**FOR FURTHER INFORMATION CONTACT:** Crystal M. Bush, Privacy Coordinator, U.S. Department of Transportation, Washington, DC 20590. Telephone: (202) 366-9713.

**SUPPLEMENTARY INFORMATION:** In accordance with the Privacy Act of 1974, the Department of Transportation conducted a review of several of its Privacy Act systems of records and determined the following records are no longer kept by the Department of Transportation.

System No.	System name
DOT/OST 064 .....	Mobility Assignment Candidate File.

Dated: March 13, 1997.

**Crystal M. Bush,**

*Privacy Act Coordinator.*

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**Federal Aviation Administration**

[Summary Notice No. PE-97-17]

**Petitions for Exemption; Summary of Petitions Received; Dispositions of Petitions Issued**

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Notice of petitions for exemption received and of dispositions of prior petitions.

**SUMMARY:** Pursuant to FAA's rulemaking provisions governing the application, processing, and disposition of petitions for exemption (14 CFR Part 11), this notice contains a summary of certain petitions seeking relief from specified requirements of the Federal Aviation Regulations (14 CFR Chapter I), dispositions of certain petitions previously received, and corrections. The purpose of this notice is to improve the public's awareness of, and participation in, this aspect of FAA's regulatory activities. Neither publication of this notice nor the inclusion or omission of information in the summary is intended to affect the legal status of any petition or its final disposition.

**DATES:** Comments on petitions received must identify the petition docket number involved and must be received on or before April 10, 1997.

**ADDRESSES:** Send comments on any petition in triplicate to: Federal Aviation Administration, Office of the Chief Counsel, Attn: Rule Docket (AGC-

<sup>7</sup> 15 U.S.C. 78q-1.

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>9</sup> 17 CFR 240.19b-4(e)(6).

<sup>10</sup> 17 CFR 200.30-3(a)(12).