

Options Clearing Corporation and the other exchanges. Thus, the Commission believes that the proposal is consistent with the Section 6(b)(5)<sup>5</sup> requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, and, in general, to protect investors and the public, in that it will foster cooperation and coordination with persons engaged in regulating, clearing, selling and processing information with respect to transactions in securities.<sup>6</sup>

### III. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>7</sup> that the proposed rule change (SR-PSE-96-48) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

Margaret H. McFarland,

*Deputy Secretary.*

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[Release No. 34-38280; File No. SR-PTC-96-09]

### Self-Regulatory Organizations, Participants Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Declaring a Dividend

February 12, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on December 23, 1996, the Participants Trust Company ("PTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-PTC-96-09) as described in Items I, II, and III below, which Items have been prepared primarily by PTC. 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 declares a dividend payable on January 21, 1997, to PTC's stockholders of record as of December 31, 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, PTC 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. PTC 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

As a condition to approving PTC's application for stock in the Federal Reserve Bank of New York, the Board of Governors of the Federal Reserve System ("Board of Governors") prohibited PTC from paying dividends to its stockholders.<sup>3</sup> The Board of Governors subsequently relieved PTC of the restriction on payment of dividends with the understanding that dividends, if declared, would be declared periodically by PTC's Board of Directors and would be paid at a rate not to exceed the 90-day United States Treasury bill rate in effect at the time the dividend is declared.<sup>4</sup>

The Commission approved PTC's practice of paying dividends out of net profits subject to the limitations imposed by the Board of Governors and subject to the limitations imposed by the Board of Governors and subject to the further requirements that (i) prior to using excess income from invested principal and interest ("P&I") to pay a dividend, PTC's Board of Directors be advised of any amount related to the investment of P&I which has not been rebated and is part of the net profits used to declare the dividend and affirmatively approve the application of such excess P&I income for the dividend and (ii) PTC file a proposed rule change pursuant to Section 19(b)(3)(A) of the Act each time it declares a dividend.<sup>5</sup>

PTC has paid dividends on January 18, 1993, in the amount of \$.52 per

share to stockholders of record as of the close of business on December 31, 1992,<sup>6</sup> on January 20, 1994, in the amount of \$.525 per share to stockholders of record as of the close of business on December 31, 1993,<sup>7</sup> on January 20, 1995, in the amount of \$1.00 per share to stockholders of record as of the close of business on December 31, 1994,<sup>8</sup> and on December 29, 1995, in the amount of \$.98 per share to stockholders of record as of the close of business on December 21, 1995.<sup>9</sup> At its meeting on December 19, 1996, PTC's Board of Directors declared a dividend payable on January 21, 1997, in the amount of \$.98 per share to stockholders of record as of the close of business on December 31, 1996. This dividend rate does not exceed the 90-day United States Treasury bill rate in effect on December 19, 1996.<sup>10</sup> The dividend does not include any excess income attributable to investments of P&I as all such P&I related income with respect to fiscal year ended December 31, 1996, will be rebated to participants on a *pro rata* basis based on the amount of P&I disbursements to each participant.

PTC believes that the proposed rule change is consistent with Section 17A(b)(3)(D) of the Act<sup>11</sup> and the rules and regulations thereunder in that it provides for the equitable allocation of reasonable fees and other charges among participants.

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

PTC 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

PTC has not solicited comments with respect to the proposed rule change, and none have been received.

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

<sup>7</sup> Securities Exchange Act Release No. 33487 (January 18, 1994), 59 FR 3900 [File No. SR-PTC-93-07].

<sup>8</sup> Securities Exchange Act Release No. 35205 (January 9, 1995), 59 FR 3444 [File No. SR-PTC-94-08].

<sup>9</sup> Securities Exchange Act Release No. 36790 (January 30, 1996), 61 FR 4507 [File No. SR-PTC-95-09].

<sup>10</sup> The 90-day United States Treasury bill rate, as published in *The Wall Street Journal* on December 19, 1996, was 5.00%.

<sup>11</sup> 15 U.S.C. 78q-1(b)(3)(D).

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

<sup>3</sup> Letter from William A. Wiles, Secretary of the Board, Board of Governors, to Thomas A. Williams, Milbank, Tweed, Hadley & McCloy (March 27, 1989).

<sup>4</sup> Letter from Jennifer J. Johnson, Associate Secretary, to the Board, Board of Governors, to Leopold S. Rassnick, Vice President and General Counsel, PTC (June 9, 1992).

<sup>5</sup> Securities Exchange Act Release No. 31746 (January 15, 1993), 58 FR 6319 [File No. SR-PTC-92-15].

<sup>5</sup> 15 U.S.C. § 78(b)(5).

<sup>6</sup> In approving these rules, the Commission has considered the proposed rules' impact on efficiency, competition, and capital formation. 15 U.S.C. § 78c(f).

<sup>7</sup> 15 U.S.C. § 78s(b)(2).

<sup>8</sup> 17 CFR 200.30-3(a)(12).

<sup>9</sup> 15 U.S.C. 78s(b)(1).

### III. Date for Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(A)(i) of the Act<sup>12</sup> and subparagraph (e)(1) of Rule 19b-4<sup>13</sup> thereunder because the proposed rule change constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of the self-regulatory organization. At any time within sixty days of the filing of such 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, 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 PTC. All submissions should refer to File No. SR-PTC-96-09 and should be submitted by March 14, 1997.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>14</sup>

Margaret H. McFarland,  
Deputy Secretary.

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[Release No. 34-38281; File No. SR-Philadep-96-15]

### Self-Regulatory Organizations; Philadelphia Depository Trust Company; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change To Amend and Clarify Certain Same-Day Funds Settlement Procedures

February 13, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on August 6, 1996, the Philadelphia Depository Trust Company ("Philadep") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-Philadep-96-15) as described in Items I and II below, which items have been prepared primarily by Philadep. On November 12, 1996, Philadep filed an amendment to the proposed rule change to clarify the minimum net debit cap procedures.<sup>2</sup> The Commission is publishing this notice and order to solicit comments 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 purpose of the proposed rule change is to amend and to clarify certain same-day funds settlement ("SDFS") procedures relating to Philadep's risk management controls.

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

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

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

On February 22, 1996, the Commission granted partial permanent

approval and partial temporary approval of proposed rule changes filed by Philadep and the Stock Clearing Corporation of Philadelphia's ("SCCP") to establish an SDFS system.<sup>4</sup> The purpose of the proposed rule change is to amend and to clarify certain SDFS procedures relating to the risk management controls (i.e., collateral monitor and net debit cap).

Pursuant to the SDFS Approval Orders, Philadep provides each participant with a settlement amount which is an aggregate of a participant's end-of-day net debits and net credits in their SCCP and Philadep accounts.<sup>5</sup> Because of this common net settlement feature, Philadep's SDFS Approval Order sets forth that Philadep's SDFS system risk management controls would be applied in a limited manner to SCCP's Continuous Net Settlement ("CNS") activity. However, SCCP and Philadep will not suspend the processing of a participant's CNS activity when the participant's collateral monitor is negative or its net debit cap is exceeded because CNS activity is exempt from the risk management controls.

Philadep's proposed amendments to its SDFS system risk management procedures clarify that the collateral of a joint SCCP/Philadep participant that is contained in the participant's collateral monitor may be fully utilized by Philadep to address any settlement default of such joint participant. In this regard, Philadep recognizes several sources of collateral that may be derived to support a joint participant's Philadep activities as well as its SCCP CNS activities. Collateral derived from a SCCP CNS participant generally includes the participant's SCCP participants fund contribution and CNS securities received. Collateral derived from a Philadep participant generally includes the participant's Philadep participants fund contribution, miscellaneous delivery order interest, interest, dividend and reorganization credits, free receives, and proprietary positions that the participant designated as collateral.

Philadep's procedures make clear that in the event of a joint participant insolvency or a joint participant's failure to pay its end-of-day settlement

<sup>4</sup> Securities Exchange Act Release Nos. 36875 (February 22, 1996), 61 FR 7846 [File No. SR-SCCP-95-06] and 36876 (February 22, 1996), 61 FR 7841 [SR-Philadep-95-08] (orders granting partial temporary approval and partial permanent approval of proposed rule changes to convert to same-day funds settlement systems) ("SDFS Approval Orders").

<sup>5</sup> Philadep's collateral monitor and net debit cap analysis are structured to incorporate this netting of SCCP and Philadep settlements.

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A)(i).

<sup>13</sup> 17 CFR 240.19b-4(e)(1).

<sup>14</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> Letter from Kieth Kessel, Compliance Officer, Philadep (November 12, 1996).

<sup>3</sup> The Commission has modified the text of the summaries submitted by Philadep.