

liability it would have had with respect to the sold operations (if not for section 4204) should the Buyer withdraw from the Plan within the five plan years following the sale and fail to pay withdrawal liability.

7. The estimated amount of the unfunded vested benefits allocated to the Seller with respect to the operations subject to the sale is \$4,282,764.37, and the estimated amount of the unfunded vested benefits allocable to the Buyer with respect to its operations covered under the Plan is \$14,230,560.30.

8. The amount of the bond/escrow that would be required under section 4204(a)(1)(B) of ERISA is approximately \$1,000,000.

9. The Buyer submitted financial statements that show that it meets the net income test described in 29 C.F.R. section 2643.14(a)(1), and the net tangible asset test described in 29 C.F.R. section 2643.14(a)(2)(ii), with respect to the amount of unfunded vested benefits allocable to the operations subject to the sale and its pre-sale operations. The Buyer has requested confidential treatment of these statements on the ground that they are confidential within the meaning of 5 U.S.C. section 552.

10. The Buyer has sent by certified mail, return receipt requested, a complete copy of the request, excluding the agreements between the Seller and Buyer, certain exhibits, financial statements of the Buyer, and certain financial data recited in the request, to the Plan and the collective bargaining representative of the Seller.

Comments

All interested persons are invited to submit written comments on the pending exemption request to the above address.

All comments will be made a part of the record. Comments received, as well as the relevant non-confidential information submitted in support of the request, will be available for public inspection at the address set forth above.

Issued at Washington, D.C., on this 10th day of July, 1995.

Martin Slate,

Executive Director.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-35940; File No. SR-DTC-95-07]

Self-Regulatory Organizations; the Depository Trust Company; Notice of Filing and Order Granting Accelerated Approval on a Temporary Basis of a Proposed Rule Change Relating to DTC's Short Position Reclamation Procedures

July 6, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on April 20, 1995, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-DTC-95-07) as described in Items I and II below, which items have been prepared primarily by DTC. The Commission is publishing this notice and order to solicit comments from interested persons and to grant accelerated approval of the proposed rule change on a temporary basis through December 31, 1995.

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

The proposed rule change seeks permanent approval of DTC's existing procedures to recall securities deliveries which have created short positions as a result of call lotteries or rejected deposits. The Commission previously granted temporary approval to proposed rule changes establishing DTC's procedures to recall certain deliveries which have created short positions as a result of call lotteries.² The Commission also previously granted temporary approval to expand the procedures to recall securities deliveries which have created short positions as a result of rejected deposits.³

¹ 15 U.S.C. 78s(b)(1) (1988).

² For a complete description and discussion of the procedures designed to eliminate short positions caused by call lotteries, refer to Securities Exchange Act Release Nos. 30552 (April 2, 1992), 57 FR 12352 [File No. SR-DTC-90-02] (order granting temporary approval through April 1, 1994, of DTC's procedures to recall certain deliveries which have created short positions as a result of call lotteries) and 35034 (November 30, 1994), 59 FR 63396 [File No. SR-DTC-94-08 SR-DTC-94-09] (order granting temporary approval through May 1, 1995, of DTC's procedures to recall certain deliveries which have created short positions as a result of call lotteries and rejected deposits).

³ Securities Exchange Act Release No. 35034.

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 that 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.⁴

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

The proposed rule change seeks permanent approval of procedures that: (1) Enable participants to recall book-entry deliveries of callable securities⁵ if the participant's account became short as a result of deliveries made between the call publication date⁶ and the date of DTC's call lottery⁷ and (2) enable participants to recall securities deliveries which have created short positions as a result of rejected deposits.⁸

Pursuant to DTC's proposal, a participant with a short position created either because of a delivery made between the call publication date and

⁴ The Commission has modified the text of the summaries submitted by DTC.

⁵ Callable securities are either preferred stock or bonds which the issuer is permitted or required to redeem before the stated maturity date at a specified price.

⁶ The call publication date is the date on which the issuer gives notice of redemption.

⁷ DTC has established a lottery process to allocate called securities in a partially called issue among participants having positions in the issue. DTC allocates the called securities among participants that had positions in the issue on the call publication date rather than on the day when the lottery is held. For a description of DTC's lottery processing procedures, refer to Securities Exchange Act Release No. 21523 (November 27, 1984), 49 FR 47352 [File No. SR-DTC-84-09] (notice of filing and immediate effectiveness of proposed rule change).

⁸ Under DTC procedures, a participant depositing securities receives immediate credit in its securities account (i.e., before the certificates are sent to the transfer agent for transfer and registration in DTC's nominee name). Once the participant's account is credited, the securities are available to the depositing participants for deliveries, withdrawals, and pledges. If the transfer agent rejects a deposit after the depositing participant has made a book-entry delivery of the credited securities, elimination of the credit from the participant's account may create a short position. If the securities are rejected by the transfer agent after ninety days of the deposit for registered securities and after nine months for bearer securities, the participant will not be able to recall the book-entry delivery and the participant's account will remain short.