[Release No. 34–36264; File No. SR– PHILADEP-95–07]

Self-Regulatory Organizations; Philadelphia Depository Trust Company; Notice of Filing of Proposed Rule Change Seeking To Implement the Fully Automated Securities Transfer Reconciliation Accounting Control System on a Permanent Basis

September 21, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on July 14, 1995, the Philadelphia Depository Trust Company ("PHILADEP") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared primarily by PHILADEP. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

PHILADEP seeks permanent approval for its Fully Automated Securities Transfer Reconciliation Accounting Control System ("FASTRACS").²

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 the 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, as set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.³

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

On July 19, 1994, the Commission approved a proposed rule change establishing a pilot program for FASTRACS for the transfer of certain securities between PHILADEP and certain transfer agents.4 On March 10, 1995, the Commission extended its approval of the pilot program through December 29, 1995.5 FASTRACS is an automated program by which PHILADEP and the participating transfer agents use a master balance certificate to evidence the number of securities of a particular issue that are registered in PHILADEP's nominee name. The transfer agents have custody of the securities in the form of balance certificates. The transfer agents adjust daily the balance certificates to reflect PHILADEP's withdrawal and deposit activity.

Since obtaining temporary approval of the original filing, PHILADEP has provided the Commission with copies of the test results of FASTRACS activity among the three designated transfer agents. PHILADEP now seeks permanent approval of FASTRACS and requests that the Commission allow it to implement FASTRACS with an unlimited number of transfer agents.

PHILADEP states that FASTRACS has enhanced PHILADEP's operational efficiency, has substantially reduced its burdens in reconciling its positions, and has saved costs associated with these functions. PHILADEP represents that it has encountered no significant operational problems and believes the system operated effectively during the testing phase. Furthermore, PHILADEP believes the current filing is consistent with the Commission's Direct Registration System ("DRS") initiative 6 insofar as DRS compels PHILADEP and other participating clearing agencies to establish fully operational automated

programs for the transfer of certain securities between participating clearing agencies and their transfer agents.

PHILADEP believes that the proposed rule change is consistent with its requirements under Section 17A of the Act because it is contemplated to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions by providing an efficient administrative mechanism to operate its deposit and transfer operation.

B. Self-Regulatory Organization's Statement on Burden on Competition

PHILADEP contends that the proposed rule change poses no appreciable threat or burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

Written comments were neither solicited nor received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Changes 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 PHILADEP consents, the Commission will:

(A) By order approve such proposed rule changes or

(B) Institute proceeding to determine whether the proposed rule changes should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making such 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 respecting the proposed rule change that are filed with the Commission, and all written communications concerning the proposed rule change between the Commission and any person, other than those that may be withheld from the public pursuant to 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.

¹ 15 U.S.C. 78s(b)(1) (1988).

² For a complete description of FASTRACS, refer to Securities Exchange Act Release Nos. 34404 (July 19, 1994), 59 FR 38010 [File No. SR-PHILADEP–90–03] (order approving proposed rule change relating to implementation of an automated balance certificate program on a temporary basis until December 30, 1994) and 35676 (May 4, 1995), 60 FR 24951 [File No. SR-PHILADEP–94–06] (order granting temporary approval of a proposed rule change extending the pilot program for FASTRACS until December 29, 1995).

³ The Commission has modified the text of the summaries prepared by PHILADEP.

⁴Securities Exchange Act Release No. 34404 (July 19, 1994), 59 FR 38010 [File No. SR-PHILADEP-90–03] (order approving FASTRACS program on a temporary basis).

⁵ Securities Exchange Act Release No. 35676 (May 4, 1995), 60 FR 24951 [File No. SR-PHILADEP-94-06] (order granting temporary approval of a proposed rule change extending the pilot program for FASTRACS until December 29, 1995). The Commission extended the temporary approval of the FASTRACS program so that PHILADEP could complete adequate testing. The program was limited to three transfer agents for the duration of the temporary approval period.

⁶ For a complete description of DRS, refer to Securities Exchange Act Release No. 35038 (December 1, 1994), 59 FR 63652 [File No. S7–34– 94] (concept release soliciting comment on proposed transfer agent operated direct registration system).