

("Act"),<sup>1</sup> notice is hereby given that on December 8, 1994, the Stock Clearing Corporation of Philadelphia ("SCCP") 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 SCCP. On December 27, 1994, and on January 4, 1995, SCCP amended the filing.<sup>2</sup> 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**

SCCP proposes to amend its procedures to comply with New York Stock Exchange ("NYSE") rule 412, which sets forth the time for transferring customer accounts,<sup>3</sup> and with National Securities Clearing Corporation ("NSCC") Rule 50, Section 9,<sup>4</sup> which governs NSCC's Automated Customer Account Transfer ("ACAT") Service.<sup>5</sup> SCCP also proposes to begin using the ACAT-Fund/SERV link<sup>6</sup> on March 3, 1995, in compliance with the NYSE requirement that all mutual fund account transfers be accomplished by use of an automated system where the NYSE member organizations are participants in a registered clearing agency which has such a facility.

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

In its filing with the Commission, SCCP 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. SCCP 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**

NSCC's ACAT Service is an input, comparison, and settlement service for customer account transfers from one brokerage firm to another. SCCP's proposal is consistent with NSCC's recent amendments to NSCC Rule 50, Section 9 which shortened the period in which a participant that is to receive a transferred account has to review the transfer instructions and reply thereto. The completed transfer cycle will be reduced to allow a three day validation period and a four day delivery period for all accounts including cash margin, retirement, and qualified accounts. The entire account transfer cycle is thus reduced from ten business days to seven business days for transferring cash or margin accounts and from fifteen business days to seven business days for transferring qualified or retirement accounts. The portion of SCCP's filing containing these procedures is consistent with the NYSE and NSCC proposals; therefore, SCCP's procedures also take effect on December 2, 1994.

SCCP's proposed rule change also proposes to modify its ACAT-SERV interface<sup>7</sup> with NSCC to comply with the NYSE requirement that generally all mutual fund account transfers must be accomplished by using the automated by using the automated systems of a registered clearing agency where both the receiving broker-dealer and the delivering broker-dealer are participants in a registered clearing agency which has such a facility. In accordance with NYSE Rule 412, this change will be effective March 3, 1995.<sup>8</sup>

SCCP believes the proposed rule change is consistent with Section 17A of the Act is that it promotes the prompt and accurate clearance and settlement of securities transactions. SCCP believes that its proposed rule change setting

forth the shortened time period for transferring accounts is appropriate because it properly reflects the changes set forth by the NYSE and NSCC in their efforts to enhance automation of the transfer process. In addition, the rule change is consistent with the Commission's effort to reduce the settlement cycle as required by Rule 15c6-1 which mandates a three business day settlement cycle for most broker-dealer transactions effective June 7, 1995.<sup>9</sup>

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

SCCP does not believe that the proposed rule change will have an impact or impose a burden on competition.

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

SCCP has not solicited or received comments 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>10</sup> of the Act and pursuant to Rule 19b-4(e)(4)<sup>11</sup> promulgated thereunder because the proposal effects a change in an existing service of SCCP that does not adversely affect the safeguarding of securities or funds in the custody or control of SCCP and does not significantly affect the respective rights of obligations of SCCP or persons using the service. 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 submission should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 20549. Copies of the

<sup>1</sup> 15 U.S.C. 78s(b)(1) (1988).

<sup>2</sup> Letters from J. Keith Kessel, Compliance Officer, SCCP, to Margaret Robb, Staff Attorney, Division of Market Regulation ("Division"), Commission (December 23, 1994, and December 27, 1994).

<sup>3</sup> For a complete description of the recent amendments to NYSE Rule 412, refer to Securities Exchange Act Release No. 34633 (September 2, 1994), 59 FR 467872 [File No. SR-NYSE-94-21] (order approving amendments to NYSE Rule 412).

<sup>4</sup> For a complete description of the recent amendments to NSCC's Rule 50, Section 9, refer to Securities Exchange Act Release No. 34879 (October 21, 1994), 59 FR 44229 [File No. SR-NSCC-94-13] (order approving modifications to NSCC's ACAT Service to accelerate the time in which customer accounts are transferred).

<sup>5</sup> For a complete description of NSCC's ACAT system, refer to Securities Exchange Act Release No. 22481 (September 30, 1985), 50 FR 41274 [File No. SR-NSCC-85-7] (order approving proposed rule change establishing ACAT Service).

<sup>6</sup> SCCP is not a member of NSCC's Fund/SERV; however, membership in Fund/SERV is not necessary to use the ACAT-Fund/SERV link. Telephone conversation between Karen L. Saperstein, Association General Counsel and Vice President/Director of Legal, NSCC, and Peter R. Geraghty, Senior Counsel, Division, Commission, and Margaret J. Robb, Staff Attorney, Division, Commission (January 6, 1995).

<sup>7</sup> For a detailed description of NSCC's ACAT-Fund/SERV interface, refer to Securities Exchange Act Release No. 27454 (November 20, 1989), 54 FR 48962 [File No. SR-NSCC-89-12] (order approving modification of NSCC's ACAT Service rules to provide for the automated transfer of eligible book share mutual fund assets).

<sup>8</sup> *Supra* note 2.

<sup>9</sup> For a complete description of Rule 15c6-1, refer to Securities Exchange Act Release Nos. 33023 (October 6, 1993), 58 FR 52891 [File No. S7-5-93] (order adopting Commission Rule 15c6-1) and 34952 (November 9, 1994), 59 FR 59137 [File No. S7-5-93] (change of effective date of Rule 15c6-1).

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A)(iii) (1988).

<sup>11</sup> 17 CFR 240.19b-4(e)(4) (1994).