

eight business days prior to payable date will be credited to the participant on the payable date. Interest for coupons for which the paying agent is located outside of New York City that are deposited less than eight business days prior to payable date will be credited to the participant ten business days following the date of the deposit. Interest for coupons for which the paying agent is located in New York City that are deposited at least five business days prior to the payable date will be credited to the participant on the payable date. Interest for coupons for which the paying agent is located in New York City that are deposited less than five business days prior to payable date will be credited to the participant seven business days following the date of the deposit. Interest for past due coupons will be credited to the participant as if they were received less than eight business days prior to the original payable date if the paying agent is located outside New York City and less than five business days prior to the original payable date if the paying agent is located in New York City.<sup>7</sup>

DTC will credit the accounts of its depositing participants on the foregoing payable dates without regard to whether DTC actually has received the interest payment from the issuer or paying agent as of such date.<sup>8</sup> All coupons deposited after 11:00 a.m. will be considered to be received the following business day. In addition, during the first quarter of 1996, a new Participant Terminal System function will be made available which will enable DTC participants to view the status of their coupon deposits.

DTC proposes to charge its participants the following fees for this service:

Shells deposited a minimum of 15 days before payable date: \$4.50.

Shells deposited less than 15 days before payable date (including past due coupons): \$5.25.

Rejected shells: \$15.00.

DTC believes the proposed rule change is consistent with the requirements of Section 17A of the Act<sup>9</sup> and the rules and regulations

thereunder because it promotes efficiencies in the clearance and settlement of securities transactions. The proposed rule change will be implemented in a manner designed to safeguard the securities and funds in DTC's custody or under its control.

*(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 that is not necessary or appropriate in furtherance of the purposes of the Act, in the public interest, and for the protection of investors.

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

Written comments from DTC participants and others have not been solicited nor received.

**III. Date of Effectiveness of the Proposed Rule Change 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 DTC consents, the Commission will:

(a) By order approve such proposed rule change or

(b) Institute proceedings to determine whether the proposed rule change should be disapproved.

**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 Room 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 DTC. All submissions should refer to the file number SR-DTC-95-18 and should be submitted by January 2, 1996.

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

Margaret H. McFarland,  
Deputy Secretary.

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**Self-Regulatory Organizations; Government Securities Clearing Corporation; Notice of Filing of a Proposed Rule Change Permitting Entities Established or Organized in a Foreign Country to Become Members of GSCC's Netting System**

December 1, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on October 6, 1995, Government Securities Clearing Corporation ("GSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-GSCC-95-05) as described in Items, I, II, and III below, which items have been prepared primarily by GSCC. On October 30, 1995, GSCC filed an amendment to the proposed rule change.<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*

The purpose of the proposed rule change is to amend GSCC's rules to enable entities that are established or organized in a foreign country and regulated in a manner comparable to domestic entities eligible for GSCC membership to become members of GSCC's netting system.<sup>3</sup>

<sup>10</sup> 17 CFR 200.30-3(a)(12) (1994).

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

<sup>2</sup> Letter from Jeffrey F. Ingber, General Counsel and Secretary, GSCC, to Jerry W. Carpenter, Assistant Director, Division of Market Regulation, Commission (October 26, 1995).

<sup>3</sup> The netting system is a system for aggregating and matching offsetting obligations resulting from trades submitted by or on behalf of members in eligible securities. The resulting deliver, receive, and payment obligations are settled through designated clearing banks.

<sup>7</sup> DTC will accept past due coupons into the coupon collection service program for up to three years after the original coupon payment date.

<sup>8</sup> According to DTC, payments due DTC from issuers and paying agents are received on or before the payable date between 97 and 98 percent of the time. Typically, late payments are the result of transmission problems or equipment failures that are unrelated to the ability of the issuer or paying agent to actually make such payments. Telephone conversation between Piku K. Thakkar, Assistant Counsel, DTC; Ann Reich, DTC; and Mark Steffensen, Attorney, Division, Commission (October 17, 1995).

<sup>9</sup> 15 U.S.C. § 78q-1 (1988).