

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 File No. SR-DTC-95-27 and should be submitted within March 27, 1996.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.²⁰

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-36902; International Series Release No. 940; File No. SR-ISCC-95-06]

Self-Regulatory Organizations; International Securities Clearing Corporation; Order Approving Proposed Rule Change Relating to Global Clearance Network Service

February 28, 1996.

On December 2, 1995, the International Securities Clearing Corporation ("ISCC") filed a proposed rule change (File No. SR-ISCC-95-06) with the Securities and Exchange Commission ("Commission") pursuant to Section 19(b) of the Securities Exchange Act of 1934 ("Act").¹ Notice of the proposal was published in the Federal Register on January 5, 1996, to solicit comments from interested persons.² No comments were received. As discussed below, this order approves the proposed rule change.

I. Description

ISCC has established a foreign clearance, settlement, and custody service known as a Global Clearance Network ("GCN") in conjunction with certain banks, trust companies, and other entities. Presently, ISCC has established GCN relationships with Citibank, N.A.; Standard Bank of South Africa; Westpac Custodian Nominees Limited of Australia; Westpac Nominees-NZ-Limited; and S.D. INDEVAL, S.A. de C.V.³ The proposed

rule change accommodates Standard Chartered Bank ("SCB") as an additional GCN service provider.

SCB has provided clearance, settlement, and custodial services in the Asian-Pacific Region for over forty years and has had a banking presence in this region for over one hundred and forty years. The value of overall assets under SCB's administration is approximately US \$55 billion. ISCC members will be offered clearance, settlement, and custody services in the Philippines, South Korea, and Taiwan through a division of SCB, Standard Chartered Equitor Group ("The Equitor Group").⁴

The Equitor Group provides clearance and custody services in fifteen markets in the Asian-Pacific Region. The Equitor Group established a branch office in the Philippines in 1872, which has provided local custody services since 1935 and currently has US \$1.12 billion in assets under custody. The Equitor Group established a branch office in South Korea in 1984, which has provided local custody services since 1991 and currently has US \$1.47 billion in assets under custody. SCB has represented that acting through its branches it meets the requirements of Rule 17f-5 under the Investment Company Act of 1940 to be an eligible foreign custodian.⁵ The Equitor Group established a branch office in Taiwan in 1985, which has provided local custody services since 1992 and currently has U.S. \$810 million in assets under custody.

In the future, ISCC may offer clearance, settlement, and custody services through SCB in other countries such as Bangladesh, Hong Kong, Indonesia, Japan, Malaysia, Pakistan, Shanghai, Shenzhen, Singapore, Sri Lanka, and Thailand. In Malaysia, SCB operates through its wholly owned subsidiary, Standard Chartered Bank Malaysia Berhad ("SCBM"). SCB has received an exemptive order under Rule 17f-5 on behalf of SCBM.⁶

SCB has entered into an agreement with ISCC pursuant to which SCB has agreed to provide access to its clearance, settlement, and custody services to GCN participants that qualify to be customers of SCB. ICB has agreed to provide the

60 FR 53447; and 36791 (January 30, 1996) 61 FR 4508).

⁴ The Equitor Group is not a separate legal entity.

⁵ Letters from Julie Beyers, Associate Counsel, ISCC, to Michele Bianco, Division of Market Regulation, Commission (December 12, 1995 and December 13, 1995).

⁶ Letter from Julie Beyers, Associate Counsel, ISCC, to Michele Bianco, Division of Market Regulation, Commission (December 13, 1995). Investment Company Act of 1940 Release No. 20019, International Series Release No. 628 (January 14, 1994).

services at reduced prices. ISCC will not provide any volume guarantees to SCB. ISCC will collect fees from the participants on behalf of SCB.⁷ The agreement will be terminable by mutual agreement of the parties or on ninety days prior notice.

II. Discussion

The Commission believes the proposal is consistent with the requirements of Section 17A of the Act, and therefore, is approving the proposal.⁸ The Commission states in the initial order granting ISCC temporary registration as a clearing agency that the development of efficient and comparable automated national and international clearance, settlement, and payment systems is one of the more important international goals.⁹ The Commission noted that without established international systems, broker-dealers and their institutional customers often are forced to devote substantial resources to each task related to trade settlement and must deliver securities by physical means. The Commission also found that clearing linkages facilitate cross-border settlements without compromising the essential soundness and integrity of each national clearing and settlement system.

The GCN service offers participating ISCC members advantages in securities processing including central access for processing trades, standardized operating procedures, receipt of uniform reports on their trades, and reduced costs. The addition of SCB as a GCN provider gives ISCC participants access to settlement services in areas not currently covered by the GCN service and thus increases the utility of the GCN service. Therefore, the Commission believes the proposal is consistent with Section 17A(b)(3)(F) of the Act in that it promotes the prompt and accurate clearance and settlement of securities transactions.¹⁰

III. Conclusion

For the reasons stated above, the Commission finds that ISCC's proposal is consistent with Section 17A of the Act.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹¹ that the

⁷ ISCC is not responsible for fees not rendered to SCB by participants.

⁸ 15 U.S.C. 78q-1 (1988).

⁹ Securities Exchange Act Release No. 26812 (May 12, 1989), 54 FR 21691.

¹⁰ 15 U.S.C. 78q-1(b)(3)(F) (1988).

¹¹ 15 U.S.C. 78s(b)(2) (1988).

²⁰ 17 CFR 200.30-3(a)(12) (1995).

¹ 15 U.S.C. § 78S(B) (1988).

² Securities Exchange Act Release No. 36656 (December 29, 1995), 61 FR 430.

³ Securities Exchange Act Release Nos. 29841 (October 18, 1991), 56 FR 55960; 35392 (February 16, 1995), 60 FR 10415; 36339 (October 5, 1995),

proposed rule change (File No. SR-
ISCC-95-06) be and hereby is approved.

For the Commission by the Division of
Market Regulation, pursuant to delegated
authority.¹²

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-5151 Filed 3-5-96; 8:45 am]

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[Release No. 34-36900; File No. SR-NASD-
96-06]

**Self-Regulatory Organizations; Notice
of Filing of Proposed Rule Change by
National Association of Securities
Dealers, Inc. Relating to Issuer Hearing
Fees**

February 28, 1996.

Pursuant to Section 19(b)(1) of the
Securities Exchange Act of 1934
("Act"), 15 U.S.C. 78s(b)(1), notice is
hereby given that on February 22, 1996,
the National Association of Securities
Dealers, Inc. ("NASD" or "Association")
filed with the Securities and Exchange
Commission ("SEC" or "Commission")
the proposed rule change as described
in Items I, II, and III below, which Items
have been prepared by the NASD. 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 NASD is herewith filing a
proposed rule change to revise the
issuer hearing fee under Part IV of
Schedule D to the NASD By-Laws.¹
Below is the text of the proposed rule
change. Proposed new language is
italicized; proposed deletions are in
brackets.

Part IV

Listing Fees

* * * * *

Issuer Hearing Fee

I. Hearing Fee

1. Each issuer that applies for an
exception under Article IX of the Code
of Procedure to the requirements of
Parts II or III of Schedule D to the By-
Laws shall pay a fee to the Nasdaq Stock
Market, Inc. to cover the cost of
considering such application as follows:

(a) where the application is to be
considered on the basis of written
submissions from the issuer, \$1,400
[\$500]; or

(b) where the application is to be
considered on the basis of an oral
hearing, whether in person or by
telephone, \$2,300 [\$1,000].

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

In its filing with the Commission, the
NASD 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. The NASD has
prepared summaries, set forth in
Sections (A), (B), and (C) below, of the
most significant aspects of such
statements.

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

Parts II and III of Schedule D to the
NASD By-Laws set forth the
requirements applicable to issuers for
initial and continued inclusion in the
Nasdaq Stock Market. Pursuant to
Article IX of the NASD Code of
Procedure, issuers may apply for an
exception to these requirements, which
shall be considered by a hearing panel
designated by the Board of Governors.
The purpose of the proposed rule
change is to increase the hearing fee
from \$500 to \$1,400 for written
applications and from \$1,000 to \$2,300
for oral applications.

The costs associated with the hearing
process include fixed costs for all
applications and additional variable
costs for oral hearing applications. The
increased fees relate directly to these
costs and reflect the recovery of the
fixed costs evenly across all hearing
applicants and the recovery of the
additional variable costs only from oral
hearing applicants. The fees are
designed to be revenue neutral based on
the number of exception applications
for the most recent year.

The NASD believes that the proposed
rule change is consistent with the
provisions of Section 15A(b)(5) of the
Act² in that the fee increases are
allocated equitably to provide a forum
for issuers seeking to retain a Nasdaq
listing or issuers seeking to be listed on
Nasdaq under an exception to current
listing standards. The new fees are

intended to directly offset the costs
associated with the hearing process, and
are distributed among issuers based on
the type of hearing requested.

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

The NASD does not believe that the
proposed rule change will result in any
burden on competition that is not
necessary or appropriate in furtherance
of the purposes of the Act, as amended.

**(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.

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

Within 35 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
90 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 the self-regulatory
organization 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. Copies of such filing will also be
available for inspection and copying at
the principal office of the NASD. All
submissions should refer to the file
number in the caption above and should
be submitted by March 27, 1996.

¹² 17 CFR 200.30-3(a)(12) (19950).

¹ Pursuant to a new rule numbering system for the
NASD Manual anticipated to be effective no later
than May 1, 1996, this rule will become Rule 4530.
See Exchange Act Release No. 36698 (January 11,
1996), 61 FR 1419 (January 19, 1996), order
approving new rule numbering system.

² 15 U.S.C. 78o-3.