It is therefore ordered, pursuant to section 19(b)(2) of the Act, that the proposed rule change (File No. SR–DTC–96–07) be, and hereby is, approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.[7]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–18456 Filed 7–19–96; 8:45 am]

BILLING CODE 8010–01–M

[Release No. 34–37439; File No. SR–NASD–96–21]

Self-Regulatory Organizations; Order Approving Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to Mandatory Electronic Filing of Forms U–4, U–5 and BD

July 15, 1996.

On June 7, 1996, the National Association of Securities Dealers, Inc. (''NASD'' or ''Association'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''), 15 U.S.C. 78s(b)(1), a proposed rule change to require mandatory electronic filing of Forms U–4, U–5, and BD. Notice of the proposed rule change, together with the substance of the proposal, was issued by the Commission (Securities Exchange Act Release No. 37291, June 7, 1996) and published in the Federal Register (61 FR 30269, June 14, 1996). No comment letters were received. The Commission is approving the proposed rule change.

I. Background

The NASD has undertaken an extensive redesign of the Central Registration Depository (''CRD''), the central database for securities industry firms and personnel, with the goal of requiring electronic filing of registration-related forms. The focus of the redesign effort is to provide efficient, reliable, effective, state-of-the-art systems and procedures at reasonable cost to support licensing and regulation of the securities industry. The NASD believes the implementation of mandatory electronic filing will eliminate the delays that may stem from processing information in hard copy. Further, the NASD believes that redesigned CRD will offer efficient processing of registration-related filings and user-friendly access to information contained in those filings for all industry and regulatory participants. A detailed discussion of the CRD implementation plan appeared in the December 1995 issue of Membership On Your Side.

The NASD's proposal contains revisions to both the NASD By-Laws and its Membership and Registration Rules. The revisions to the By-Laws include amendments that require filers to submit information on Forms U–4, U–5, and BD via electronic means.[1] The NASD states that the impact of this requirement on smaller member firms with limited access and form filing needs was considered by its Board of Governors. The Board addressed this concern, by providing all firms with the option to contract with third party vendors to handle the filings with the CRD. The Board also determined to give firms that have less than fifty registered persons the option to file electronically, utilize a third-party service bureau or file with the NASD's internal processing unit. Member firms can choose for themselves based upon their needs whether to access the system directly by acquiring the necessary hardware and software and training their registration staff or to access the system indirectly via a third party agent or service bureau. The NASD asserts that its Membership staff is working with the vendors and service bureaus to make sure they are prepared to provide this service to members.

Specific-By-Law provisions which currently require filers to use ''forms'' or provide ''written notification'' are changed to require filing by electronic process or such other process as the NASD may prescribe. The provisions which refer to the filer obligations to keep applications ''current'' have been revised to set out more specific requirements including specific time frames (usually 30 days) for the filing of information. In addition, the NASD's membership eligibility criteria are amended to require firms to file via the electronic process. Firms that fail to comply with the electronic filing requirement may be subject to suspension or cancellation of membership.

The NASD has established a rollout schedule which began in May 1996 with approximately eleven member firms and one service bureau being involved in a pilot test. It is anticipated that the pilot firms will file all forms electronically in the new CRD system on approximately July 29, 1996.

The rollout schedule for all NASD members is as follows. The firms have been divided among five NASD Service and Quality teams. Team 1 goes into production on approximately September 9, 1996, Teams 2 and 3 on approximately October 7, 1996, and Teams 4 and 5 on approximately November 4, 1996.

Firms that had fewer than 50 registered representatives on April 26, 1996, (''Group II'') may comply with the electronic filing requirement through any of three methods: (1) They may file electronically on their own; (2) they may utilize a third-party vendor to file on their behalf; or (3) for a period commencing on September 9, 1996 and ending on December 31, 1997, for a prescribed fee, these firms may file paper forms with the NASD which through its own internal processing unit will file the forms with the new CRD system.

The NASD is also amending its Membership and Registration Rules to establish electronic filing protocols. Under these protocols the member will:

(1) Designate a Registered Principal(s) or corporate officer(s) to be responsible for supervising the electronic filing of appropriate filings with such responsibility to acknowledge, electronically, that the filing is on behalf of the firm and the member firm's associated persons.

(2) Retain and provide upon regulatory request original, signed Form U–4s which were electronically processed as initial or transfer applications as part of the recordkeeping requirements.

(3) File amendments to administrative data without the signature of the subject individual. Such information includes the addition of state or SRO registration, exam scheduling and updates to residential, business and personal history.

(4) File amendments to disclosure data electronically provided that the subject person has acknowledged that the information has been received and reviewed. This acknowledgement must be retained and provided upon regulatory request.

(5) File initial and amended Form U–5 Notice of Terminations electronically. The filing firm must make the filings available upon regulatory request.

II. Discussion

The Commission believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,[2] which require the rules of the NASD be designed to prevent fraudulent

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[7] 17 CFR 200.30–3(a)(12) (1995).

[1] On July 5, 1996, the Commission approved an NASD proposed rule change amending Forms U–4 and U–5. File No. SR–NASD–96–19; Securities Exchange Act Release No. 37407.

[2] 15 U.S.C. 78*o*–3(b)(6).

and manipulative activity and to foster coordination with persons engaged in regulating the markets. Mandatory electronic filing with the new CRD system will provide more efficient processing of registration-related filings and will allow for easy access to information in these filings by all industry and regulatory participants. In turn, electronic filing of these forms will facilitate oversight of securities industry firms and their personnel.

It is therefore ordered, pursuant to section 19(b)(2) of the Act, that the proposed rule change SR–NASD–96–21 be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority, 17 CFR 200.30–3(a)(12).

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–18457 Filed 7–19–96; 8:45 am]

BILLING CODE 8010–01–M

SMALL BUSINESS ADMINISTRATION

Notice of Action Subject to Intergovernmental Review

The SBA is notifying the public that it intends to grant the pending applications of 21 existing SBDCs for refunding. A short description of the SBDC program follows.

The SBA is publishing this notice 90 days before the expected refunding date. The SBDCs and their mailing addresses are listed below. A copy of this notice also is being furnished to the respective State single points of contact designated under the Executive Order 12372.

Each SBDC application must be consistent with any area-wide small business assistance plan adopted by a State-authorized agency. A State single point of contact and other interested State or local entities may submit written comments regarding an SBDC refunding within 30 days from the date of publication of this notice to the SBDC and to Johnnie L. Albertson, Associate Administrator for SBDCs, U.S. Small Business Administration, 409 Third Street, S.W., Suite 4600, Washington, D.C. 20416.

Description of the SBDC Program

A partnership exists between SBA and an SBDC. SBDCs offer training, counseling, and other business development assistance to small businesses. Each SBDC provides services under a negotiated Cooperative Agreement with SBA, the general management and oversight of SBA, and a State plan initially approved by the Governor. Non-Federal funds must match Federal funds. An SBDC must operate according to law, the Cooperative Agreement, SBA's regulations, the annual Program Announcement, and program guidance.

Program Objectives

The SBDC program uses Federal funds to leverage the resources of States, academic institutions, and the private sector to:

(a) Strengthen the small business community;

(b) Increase economic growth;

(c) Assist more small businesses; and

(d) Broaden the delivery system to more small businesses.

SBDC Program Organization

The lead SBDC operates a statewide or regional network of SBDC subcenters. An SBDC must have a full-time Director. SBDCs must use at least 80 percent of the Federal funds to provide services to small businesses. SBDCs use volunteers and other low cost resources as much as possible.

SBDC Services

An SBDC must have a full range of business development and technical assistance services in its area of operations, depending upon local needs, SBA priorities, and SBDC program objectives. Services include training and counseling to existing and prospective small business owners in management, marketing, finance, operations, planning, taxes, and any other general or technical area of assistance that supports small business growth.

The SBA district office and the SBDC must agree upon the specific mix of services. They should give particular attention to SBA's priority and special emphasis groups, including veterans, women, exporters, the disabled, and minorities.

SBDC Program Requirements

An SBDC must meet programmatic and financial requirements imposed by statute, regulations, or its Cooperative Agreement. The SBDC must:

(a) Locate subcenters so that they are as accessible as possible to small businesses;

(b) Open all subcenters at least 40 hours per week, or during the normal business hours of its state or academic Host Organization, throughout the year;

(c) Develop working relationships with financial institutions, the investment community, professional associations, private consultants, and small business groups; and

(d) Maintain lists of private consultants at each subcenter.

Dated: June 19, 1996.

Philip Lader,

Administrator.

Addresses of Relevant SBDC State Directors

Mr. Robert McKinley, Region Director, Univ. of Texas at San Antonio, 1222 North Main Street, San Antonio, TX 78212, (210) 558–2450

Mr. John P. O'Connor, State Director, University of Connecticut, 2 Bourn Place, U–94, Storrs, CT 06269–5094, (203) 486–4135

Mr. Ted Cadou, Region Director, University of Houston, 1100 Louisiana, Suite 500, Houston, TX 77002, (713) 752–8444

Ms. Liz Klimback, Region Director, Dallas Community College, 1402 Corinth Street, Dallas, TX 75212, (214) 860–5833

Mr. Craig Bean, Region Director, Texas Tech University, 2579 South Loop 289, Suite 114, Lubbock, TX 79423–1637, (806) 745–3973

Mr. Raleigh Byars, State Director, University of Mississippi, Old Chemistry Building, University, MS 38677, (601) 232–5001

Mr. James L. King, State Director, State University of New York, SUNY Plaza, S–523, Albany, NY 12246, (518) 443–5398

Ms. Hazel Kroesser Palmer, State Director, West Virginia Development Office, 950 Kanawha Boulevard, East, Charleston, WV 25301, (304) 558–2960

Mr. Clinton Tymes, State Director, University of Delaware, Suite 005—Purnell Hall, Newark, DE 19711, (302) 831–2747

Ms. Janet Holloway, State Director, University of Kentucky, 225 Business & Economics Bldg., Lexington, KY 40506–0034, (606) 257–7668

Mr. Thomas McLamore, State Director, Department of Economic and Employment Development, 217 East Redwood St., 9th Floor, Baltimore, MD 21202, (410) 333–6995

Ms. Diane Wolverton, State Director, University of Wyoming, P.O. Box 3622, Laramie, WY 82071–3622, (307) 766–3505

Mr. Max Summers, State Director, University of Missouri, Suite 300, University Place, Columbia, MO 65211, (314) 882–0344

Ms. Holly Schick, State Director, Ohio Department of Development, 77 South High Street, Columbus, OH 43226–1001, (614) 466–2711

Mr. Donald L. Kelpinski, State Director, Vermont Technical College, P.O. Box 422, Randolph Center, VT 05060, (802) 728–9101

Mr. Chester Williams, Director, University of the Virgin Islands, 8000