

FEDERAL RESERVE BANK
OF NEW YORK

Circular No. 8468
December 1, 1978

MISSING, LOST, COUNTERFEIT, OR STOLEN SECURITIES
Extension of Pilot Period of SEC Program

To the Chief Executive Officers of All State Member
Banks in the Second Federal Reserve District:

On July 31, 1978, the Securities and Exchange Commission issued a release soliciting public comment concerning the operation of the Lost and Stolen Securities Program and the redesignation of Securities Information Center, Inc. ("SIC") as the Commission's designee to maintain and operate the computerized data base of missing, lost, counterfeit or stolen securities. The comment period was subsequently extended from September 8, 1978 to October 15, 1978.

To allow sufficient opportunity to fully consider the comments received from banks and other reporting institutions, the Commission has announced an extension of the Lost and Stolen Securities Program's pilot period from December 31, 1978 until June 30, 1979. In addition, the Commission has announced the redesignation of SIC as the Commission's designee to maintain and operate the computerized data base for a period of two years beginning January 1, 1979, and the reregistration of certain institutions subject to the Commission's Rule 17f-1 (17 CFR 240.17f-1) with SIC before December 15, 1978. There is enclosed a copy of the *Federal Register* notice announcing these changes and including the 1979 registration form.

For the purposes of SIC's computer-assisted system, institutions must register as either direct or indirect inquirers to determine the validity of securities coming into their possession or control. Direct inquirers make inquiries of the system directly by using telephone, telex, or mail and are charged certain registration and usage fees by SIC. Alternatively, an institution can participate as an indirect inquirer by arranging with a direct inquirer to act on its behalf in making inquiries of the system. Indirect inquirers are not charged any fees by SIC but can expect direct inquirers acting on their behalf to charge them costs and service charges.

Please note that, in accordance with the requirements for registration, your bank must complete and file the 1979 registration form by December 15, 1978 unless your bank is already registered with SIC as an *indirect* inquirer and your bank's 1977 registration form continues to be current and correct. In filing the 1979 registration form, you may elect to change your participation status from direct inquirer to indirect inquirer or vice versa and such election will be binding through June 30, 1979. If your bank is already registered as a *direct* inquirer and you fail to submit the 1979 registration form, your bank will be deemed to have agreed to the announced increase in registration fees and charges and will be billed accordingly by SIC.

The Securities and Exchange Commission has in the past expressed concern that many banks have failed to register under the Lost and Stolen Securities Program. For this reason, we would like to remind you that section 17(f)(1) of the Securities Exchange Act of 1934, as amended, requires compliance with the Program by all members of the Federal Reserve System, among others. If your bank has not previously registered as a direct or indirect inquirer with SIC, we request that you file the 1979 registration form by the December 15th deadline.

(Over)

Any questions you may have regarding these changes or the operation of the Lost and Stolen Securities Program may be directed to Mr. Gregory C. Yadley at the Securities and Exchange Commission (202-376-8129) or the Government Bond Division at this Bank (212-791-5359). In the territory served by the Buffalo Branch, questions may be directed to the Collection, Loans, and Fiscal Agency Division of the Buffalo Branch (716-849-5043 or 716-849-5130).

PAUL A. VOLCKER,
President.

To the Chief Executive Officers of All State Members
Bank of the Federal Reserve District

On July 31, 1978, the Securities and Exchange Commission issued a release relating to the operation of the Lost and Stolen Securities Program and the Securities Information Center, Inc. ("SIC") as the Commission's designee to maintain and operate the computerized data base of missing, lost, counterfeit or stolen securities. The comment period was subsequently extended from September 8, 1978 to October 16, 1978.

To allow sufficient opportunity to fully consider the comments received from banks and other reporting institutions, the Commission has announced an extension of the Lost and Stolen Securities Program's pilot period from December 31, 1978 until June 30, 1979. In addition, the Commission has announced the redesignation of SIC as the Commission's designee to maintain and operate the computerized data base for a period of two years beginning January 1, 1979, and the redesignation of certain institutions subject to the Commission's Rule 17d-1 (17 CFR 240.17d-1) as SIC before December 16, 1978. There is enclosed a copy of the Federal Register notice announcing these changes and including the 1979 registration form.

For the purposes of SIC's computer system, institutions must register as either direct or indirect reporters to determine the validity of securities coming into their possession or control. Direct reporters make inquiries of the system directly by using telephone, telex, or mail and are charged a registration and usage fee by SIC. Alternatively, an institution can participate as an indirect reporter by arranging with a direct reporter to act on its behalf in making inquiries of the system. Indirect reporters are not charged any fee by SIC but can expect direct reporters to charge them some and service charges.

Please note that in accordance with the requirements for registration, your bank must complete and file the 1979 registration form by December 15, 1978 unless your bank is already registered with SIC as an indirect reporter and your bank's 1977 registration form continues to be current and correct. In filing the 1979 registration form, you may elect to change your participation status from direct reporter to indirect reporter or vice versa and such election will be binding through June 30, 1979. If your bank is already registered as a direct reporter and you fail to submit the 1979 registration form, your bank will be deemed to have agreed to the announced increase in registration fees and charges and will be billed accordingly by SIC.

The Securities and Exchange Commission has in the past expressed concern that banks have failed to register under the Lost and Stolen Securities Program. For this reason, the weight has been placed on the Securities Exchange Act of 1934, as amended, requiring registration with the Program by all members of the Federal Reserve System, among others. If your bank has not already registered as a direct or indirect reporter with SIC, we request that you file the 1979 registration form by the December 15th deadline.

THURSDAY, NOVEMBER 9, 1978

PART II



SECURITIES AND EXCHANGE COMMISSION

LOST AND STOLEN SECURITIES PROGRAM

Extension of the Pilot Period;
Redesignation of Securities
Information Center, Inc.;
Redesignation of Certain
Institutions

Order Paper

[8010-01-M]

**SECURITIES AND EXCHANGE
COMMISSION**

[Release No. 34-15289]

LOST AND STOLEN SECURITIES PROGRAM

Extension of the Pilot Period; Redesignation of Securities Information Center, Inc; Reregistration of Certain Institutions

AGENCY: Securities and Exchange Commission.

ACTION: Notice of the extension of the Lost and Stolen Securities Program's (the "Program") pilot period, the redesignation of Securities Information Center, Inc. ("SIC") as the Commission's designee to maintain and operate the data base of missing, lost, counterfeit or stolen securities, and the reregistration of certain institutions subject to Rule 17f-1 (17 CFR § 240.17f-1) with SIC.

SUMMARY: This action extends the Program's pilot period until June 30, 1979, redesignates SIC as the Commission's designee for a period of 2 years beginning January 1, 1979, and requires certain institutions subject to § 240.17f-1 to register with SIC utilizing a revised registration form before December 15, 1978.

EFFECTIVE DATE: November 1, 1978.

FOR FURTHER INFORMATION CONTACT:

Gregory C. Yadley, Division of Market Regulation, Securities and Exchange Commission, Washington, D.C. 20549 202-376-8129.

SUPPLEMENTARY INFORMATION: The Commission today announced the extension of the Program's pilot period until June 30, 1979, the redesignation of SIC as the Commission's designee to maintain and operate the computerized data base of missing, lost, counterfeit or stolen securities for a period of two years beginning January 1, 1979, and the reregistration of certain institutions subject to Rule 17f-1 (17 CFR § 240.17f-1) with SIC before December 15, 1978.¹ In addition, all institutions which reregister as direct inquirers and direct inquirers who fail to submit a new registration form indicating a change of status in accordance with instructions contained in the Appendix will be charged for SIC's services according to an estimated revised fee schedule beginning on January 1, 1979.

BACKGROUND

The problems relating to missing, lost, counterfeit, and stolen securities

¹Both the pilot period and SIC's original period of designation will expire on December 31, 1978.

were outlined by the Commission in 1970² and were subsequently the subject of a series of Congressional hearings.³ Implementation of a system to receive reports and inquiries concerning missing, lost, counterfeit, and stolen securities was recommended by members of Congress, the industry, and law enforcement agencies. To accomplish this objective, the Securities Acts Amendments of 1975 added section 17(f)(1) into the Securities Exchange Act of 1934 (the "Act"). This section provides that certain financial institutions⁴ shall make reports and inquiries with respect to missing, lost, counterfeit or stolen securities in accordance with rules promulgated by the Commission. Section 17(f)(1) also provides that reports and inquiries shall be made to the "Commission or other person designated by the Commission" and that reasonable fees may be charged for the processing of such data.

On December 6, 1976, the Commission adopted § 240.17f-1, establishing reporting and inquiry requirements with respect to missing, lost, counterfeit, or stolen securities.⁵ On August 5, 1977, the Commission published the final, amended version of § 240.17f-1,⁶ and on January 2, 1978, the system for the processing of reports and inquiries became fully operational.

In order to monitor the effectiveness of the section and the system designed to carry out the Program,⁷ the Com-

²Study of Unsafe and Unsound Practices of Brokers and Dealers, Report and Recommendations of the Securities and Exchange Commission (pursuant to section 11(h) of the Securities Investor Protection Act of 1970), December, 1970.

³Organized Crime-Stolen Securities, Hearings Before the Permanent Subcommittee on Investigations, Senate Committee on Government Operations, 92d Cong., 1st sess. (1971); 93d Cong., 1st sess. (1973); 93d Cong. 2d sess. (1974).

⁴The institutions subject to section 17(f)(1) are enumerated in the statute as follows:

Every national securities exchange, member thereof, registered securities association, broker, dealer, municipal securities dealer, registered transfer agent, registered clearing agency, participant therein, member of the Federal Reserve System, and bank whose deposits are insured by the Federal Deposit Insurance Corporation. . . .

⁵Securities Exchange Act Release No. 13053, 41 FR 54923 (Dec. 10, 1976). Certain technical amendments were made by the Commission in Securities Exchange Act Release No. 13280, 42 FR 11829 (Mar. 1, 1977), and further amendments regarding the role of transfer agents in the Program were proposed in Securities Exchange Act Release No. 13281, 42 FR 1184 (Mar. 1, 1977) and incorporated into the rule by Securities Exchange Act Release No. 13832, 42 FR 41022 (Aug. 12, 1977).

⁶Securities Exchange Act Release No. 13832, 42 FR 41022 (Aug. 12, 1977).

⁷The Lost and Stolen Securities "Program" encompasses both the computerized data bank maintained by SIC and the proce-

mission determined that the Program should be instituted initially on a pilot basis, through December 31, 1978. Furthermore, the Commission determined that it would be appropriate to designate another person, as provided for by the statute, to receive and process reports and inquiries made pursuant to the section on behalf of the Commission.⁸ Accordingly, the Commission solicited plans from persons interested in acting at the Commission's designee and, after analysis of the submissions, designated SIC to maintain and operate the data base of missing, lost, counterfeit or stolen securities on its behalf through the pilot period ending December 31, 1978.⁹

On July 31, 1978, the Commission issued a release soliciting public comments concerning the operation of the Program and redesignation of SIC as the Commission's designee.¹⁰ Thereafter, in response to numerous requests for additional time in which to submit comments, the Commission extended the comment period from September 8, 1978, to October 15, 1978.¹¹

EXTENSION OF THE PILOT PERIOD

The Commission has determined that, due to the short time in which to consider the comments received, a more permanent version of the Program cannot be in place by December 31, 1978, the end of the pilot period. In order to avoid expiration of the exemptive provisions which are provided only for the duration of the pilot period,¹² without having had sufficient opportunity to fully consider the comments received, the Commission has

dures established for receipt and processing of those reports and inquiries directed to it in accordance with the rule and the Lost and Stolen Securities Checklist maintained by the Federal Reserve Banks. The Lost and Stolen Securities "System" refers only to the SIC data base and procedures.

⁸Under § 240.17f-1, reports and inquiries are directed to the "appropriate instrumentality." In the case of U.S. Government and Agency securities, the appropriate instrumentality is any Federal Reserve Bank or Branch. The Commission is the appropriate instrumentality for all other securities, including corporate and municipal issues.

⁹Securities Exchange Act Release No. 1353, 42 FR 26495 (May 12, 1977). AutEx, Inc. was originally named as the designee. Subsequently, as a result of the acquisition of AutEx by ITEL Corp., SIC was created as a wholly-owned subsidiary of ITEL Corp.

¹⁰Securities Exchange Act Release No. 15015, 43 FR 34790 (Aug. 7, 1978).

¹¹Securities Exchange Act Release No. 15159, 43 FR 43035 (Sept. 22, 1978).

¹²The Commission, in Securities Exchange Act Release NO. 13832 (Aug. 5, 1977), provided inquiry exemptions for registered transfer agents and for securities transactions for less than \$10,000 face value and market value of bonds and stocks, respectively, and reporting and inquiry exemptions with respect to corporate and municipal issues not assigned CUSIP numbers.

concluded that the pilot period should be extended. The Commission, therefore, announces that the Program's pilot period which was to expire on December 31, 1978, is extended until June 30, 1979.

REDESIGNATION OF SIC

In anticipation of the end of the pilot period and the expiration of SIC's term of designation, the Commission solicited submissions from persons interested in serving as its designee to operate and maintain the data base of missing, lost, counterfeit or stolen securities in Securities Exchange Act Release No. 15015 (July 31, 1978).¹³ In formulating their submissions, prospective designees were to consider carefully the "Criteria for a Lost and Stolen Securities Reporting and Inquiry System" set forth in an appendix to that release. There the Commission stated:

In making a designation, the Commission will consider the following factors, among others: the cost of implementing the system, the amount of time necessary to initiate the system, the costs of operation, the costs of compliance to reporting institutions, the compatibility of the system with existing securities information systems, the ability of the system to respond to fluctuations in reporting and inquiry volume in an efficient manner, the experience of the designee in managing similar programs, and the method of allocating costs and billing subscribers.¹⁴

In addition, comments were solicited from interested persons concerning their experience in working with SIC, their suggestions for modifications of its system, and the appropriate number of years for which a designation should be made.

In response to the Commission's solicitation, plans were submitted by SIC and Compliance Data Center, Inc. ("CDC"). Furthermore, several public comments regarding SIC's general performance during the pilot program were received and analyzed by members of the Commission's staff.

The Commission has analyzed the plans of CDC and SIC in light of the "Criteria" and the public comments. After careful consideration, it has determined to redesignate SIC for a two year period commencing January 1, 1979. SIC's operational costs for the first year's operation of the Program were significantly less than CDC's projected operational costs for the same period of time. In addition, SIC's method of allocating costs among subscribers appears to be more appropriate and equitable than that proposed by CDC due to the fact that the SIC method spreads the costs over a larger segment of the participating institutions. Finally, since the SIC system is an ongoing system and is fully opera-

tive, redesignation will not necessitate any further implementation costs or interruption in service. In contrast, CDC's plan would require an assessment for implementation and a period of three months in order to become fully operational.¹⁵

It also appears that SIC has managed the system in a satisfactory manner during its term of designation. Since October 3, 1977, the effective date of the reporting provisions of § 240.17f-1, SIC has received a total of 273,734 reports representing \$1.4 billion¹⁶ in missing, lost, counterfeit or stolen securities and has processed 1,363,962 inquiries.¹⁷ During the first nine months of the pilot year, a total of 194 inquiries resulted in matching reports ("hits"). The securities involved in these hits are valued at \$8,385,102.¹⁸ It is anticipated that the system's effectiveness will be enhanced by the incorporation of the National Crime Information Center's ("NCIC") computerized file of securities thefts into the SIC data base, which will be completed shortly. Finally, comments from industry sources concerning SIC's performance have been favorable.

After consideration of the two plans, the Commission has concluded that SIC's system is sufficiently responsive and lowest in cost. SIC has addressed the Commission's criteria for a system to implement the Lost and Stolen Securities Program during the pilot period and has developed, implemented, operated, and maintained a system flexible enough to react to future developments in the area. Therefore, subject to its undertaking to comply with the Principles of Designation contained below, SIC is redesignated to operate and maintain the data base of missing, lost, counterfeit or stolen securities for a 2-year period beginning January 1, 1979.¹⁹

The Commission has determined that designation for a 2-year term is appropriate. Such a period of designation is consistent with the Commission's goal of reducing and eventually immobilizing the actual movement of physical securities certificates and provides the Commission with maximum flexibility relating to the future size and scope of the Program as book entry and depository systems are increasingly utilized by the securities industry. In addition, the 2-year term

¹³ In addition to these added implementation costs, designation of CDC would necessitate the transfer of all data contained in the computer storage files of SIC and would lead to some initial confusion and disruption on the part of institutions subject to § 240.17f-1.

¹⁴ As of Oct. 14, 1978.

¹⁵ As of Oct. 1, 1978.

¹⁶ As of Oct. 1, 1978.

¹⁷ A full description of the SIC System is contained as an appendix to this release.

may allow SIC to have more flexibility in its planning and in making appropriate operational and budgetary projections.

PRINCIPLES OF DESIGNATION

Securities Information Center, Inc., has been chosen as the Commission's designee subject to its undertaking to comply with the following "Principles of Designation."²⁰ These principles are the major responsibilities which SIC is expected to undertake.

1. The designee shall implement 17 CFR 240.17f-1, (Rule 17f-1) through its operation of the Lost and Stolen Securities Information System in accordance with the terms of its submission and at the rates specified below, for a 2-year period commencing January 1, 1979, and ending December 31, 1980.

2. The designee shall:

a. Receive reports and respond to inquiries for which the Commission is the appropriate instrumentality;

b. Maintain records of such reports and inquiries and furnish such records to institutions in accordance with its submission; and

c. Collect fees, as approved by the Commission, from reporting institutions to defray the costs of the system.

3. The designee shall maintain the capacity to:

a. Receive reports and inquiries by telephone, the mails, telex, and other means;

b. Generate hard copy confirmations to reporting institutions with respect to all reports and inquiries made by such institutions; and

c. Retrieve records of inquiry by name of the reporting institution as well as by the name of the particular security.

4. The designee warrants that all work shall be performed in a business-like manner and in accordance with the highest standards.

5. The designee shall have the capacity to include in its data base all reports of missing, lost or stolen securities made prior to the effective date of § 240.17f-1 and shall include such reports as the Commission may direct.

6. The designee shall keep a current and true record, available for inspection by the Commission, with respect to each report, inquiry, confirmation, correction, or other information received pursuant to this designation, the time of and means by which such report, inquiry or other information was received, the time of response, the means by which a response was given, and the nature of the response. The designee shall make available for the

²⁰ If SIC is unwilling or unable to comply with the Principles of Designation, the Commission may designate another entity or take such other action as it may deem appropriate.

¹³ See note 10, supra.

¹⁴ Id.

Commission's inspection all records and accounts of amounts billed to reporting institutions, the basis for the bills, amounts received from reporting institutions, and accounts on expenses incurred by the designee. Such records for any calendar year shall be kept for 3 years after the end of the calendar year. The designee shall make periodic reports to the Commission as the Commission deems appropriate and necessary.

7. All reports and inquiries received pursuant to § 240.17f-1 and all confirmations of such reports and inquiries, billing information, and any other records maintained pursuant to this designation, are the property of the Commission. The designee shall furnish to the Commission upon demand true, correct, complete, and current copies of any or all, or any part of, such records maintained pursuant to this designation.

8. The designee shall report to the Commission quarterly:

a. The number of reports received during the quarter, data as to the number relative to stolen securities and counterfeit securities, and data as to the types of securities reported;

b. The number of inquiries received during the quarter;

c. The number of "hits" experienced each quarter, the identity of the inquiring and reporting institutions, and the dollar value of the securities involved;

d. Cumulative data on the identity and location of institutions making reports and inquiries and experiencing "hits;"

e. The dollar value of securities reported as missing, lost, counterfeit, or stolen;

f. The number of reporting institutions which are direct subscribers;

g. The number of reporting institutions which are indirect subscribers;

h. Expenses incurred by the designee;

i. The amounts billed to reporting institutions; and

j. Any other information which the Commission may direct.

9. The Commission may direct that the designee shall carry out different or additional routine and necessary functions incidental to its role as the Commission's designee, as the Commission deems appropriate.

10. Such functions that may be specified as "exceptional" will be outlined in writing to the designee, and if the designee desires compensation for such functions, an estimate of the costs entailed will be submitted to the Commission staff for approval. Upon completion of the function, the designee will submit an accounting of actual costs, which will be the basis for charges to be billed to reporting institutions.

11. During the first year of the term of designation, the designee shall be entitled to charge 28 cents per report and inquiry processed, the aggregate total of which will be allocated to all direct subscribers in accordance with the pricing structure announced in Securities Exchange Act Release No. 15289. In addition, the designee shall be entitled to charge each direct subscriber a \$20 fee for registration of each primary access station and \$10 for registration of each secondary access station and a fee of \$10 per annum for retention of files for indirect inquirers, as part of the operational costs of the Program during the first year of the term of designation. Fees for special services which have been approved by the Commission may also be charged to participating institutions at the direction of the Commission. The Commission may change the pricing structure at any time. The rates to be charged by the designee for the second calendar year of the term of designation shall be increased by a percentage equal to the percentage by which the U.S. Bureau of Labor Statistics Consumer Price Index for Urban Wage Earners and Clerical Workers, New York, N.Y.—Northeastern New Jersey—All Items, Series A (1967-100), has increased since September 30, 1978. The percentage increase in such Index shall be determined using the last Index published prior to the beginning of such calendar year.

12. The designee shall agree to any other reasonable conditions as the Commission may direct.

REREGISTRATION OF REPORTING INSTITUTIONS

Attached as an appendix to this release is a description of the operations of Securities Information Center, Inc., and a registration form for the 1979 Program. The system will operate in substantially the same manner as in the first year of the Program's operation, with the only major modification being the initiation of procedures for notifying reporting institutions that an inquiry has matched a reported loss. Fees for the Program have been increased slightly, and are described in the attached Appendix.

The 1979 registration form must be submitted by all institutions who (1) have not previously registered in the Program, (2) have registered as direct inquirers, regardless of whether they desire to amend their prior registration, and (3) have registered as indirect inquirers and wish to amend their prior registration. The only class of institution that need not reregister are those that registered previously as indirect inquirers and do not desire to amend or update their prior registration. All reporting institutions will,

however, continue to be subject to the provisions of the Program. All institutions may, at this time, change their election of inquiry participation status and such elections will be binding through June 30, 1979. All registration forms must be submitted to the Securities Information Center, Inc., by December 15, 1978.

STATUTORY BASIS AND COMPETITIVE CONSIDERATIONS

The Commission designates SIC to receive reports and inquiries required to be made to the Commission under § 240.17f-1, subject to the conditions contained herein, pursuant to the Securities Exchange Act of 1934, as amended, including sections 2, 10, 15, 17, and 23 thereof. The Commission finds that any burden upon competition imposed by this designation is necessary and appropriate in the public interest and for the protection of investors in order to continue the Lost and Stolen Securities Program established pursuant to section 17(f)(1) of the Act.

By the Commission.

Dated: November 1, 1978.

GEORGE A. FITZSIMMONS,
Secretary.

APPENDIX

THE LOST, MISSING, STOLEN, AND COUNTERFEIT SECURITIES INFORMATION SYSTEM—DESCRIPTION OF THE SYSTEM

Introduction

Under 17 CFR 240.17f-1, certain financial institutions are required to make reports and inquiries related to missing, lost, stolen, and counterfeit securities. If the security involved is a U.S. Government or Agency security such reports and inquiries must be made to a Federal Reserve Bank or Branch.¹ In the case of all other securities, reports and inquiries must be directed to the Securities Information Center, Inc. ("SIC") which has been designated by the Commission to receive and process all such data until December 31, 1980.

SIC will continue to operate substantially in the same manner as it has since October 3, 1977. All institutions are urged to carefully read the material below and to refer, if necessary, to Securities Exchange Act Release No. 13832² in which the text of § 240.17f-1 and important explanatory information appears.

¹Instructions on how to make reports and inquiries with respect to U.S. Government or Agency securities are contained in Securities Exchange Act Release No. 13832 (42 FR 41022 (Aug. 12, 1977)). The procedures for reports of Government Agency securities have not been changed from those in operation during the pilot period.

²42 FR 41022 (Aug. 12, 1978).

Reporting Institutions

The institutions subject to 17 CFR 240.17f-1 are defined as "reporting institutions" and include every national securities exchange, member thereof, registered securities association, broker, dealer, municipal securities dealer, registered transfer agent, registered clearing agency, participant therein, member of the Federal Reserve System and bank whose deposits are insured by the Federal Deposit Insurance Corporation. All such organizations are required to report to and make inquiries of the system.

1979 Registration Requirements

To make reports and inquiries of the data base maintained by SIC, all reporting institutions must complete and file the 1979 registration form that accompanies this material, except institutions registered with SIC as indirect inquirers whose 1978 registration forms are presently current and correct. An institution must file the 1979 registration form if (1) it is presently registered as a direct inquirer, regardless of whether the information submitted on the 1977 registration form continues to be current and correct, (2) it is presently not registered with SIC, or (3) it is presently registered with SIC as an indirect inquirer and desire to amend or update their 1977 registration form in any way.

Direct inquirers must submit the 1979 registration form in order that SIC may have on file a current agreement to pay the 1979 registration fees. Currently registered direct inquirers who fail to submit the 1979 registration form will be deemed to have agreed to the increased 1979 fees and charges and will be billed accordingly. In completing the 1979 registration form, currently registered direct and indirect inquirers should update and amend the information submitted previously and may, if they desire, amend their registration to indicate a change in their inquiry participation status. The election of inquiry participation status will be binding through June 30, 1979.

All registration forms should be filled out and returned to:

Securities Information Center, Inc.,
P.O. Box 421, Wellesley Hills, Mass.
02181.

THE DEADLINE FOR REGISTRATION IS
DECEMBER 15, 1978

Reports

A report is a notice of (1) securities lost, stolen, missing, or counterfeit; (2) recovery of securities previously reported lost, stolen, or missing; or (3) a correction or update of a previous report other than recovery.

All reporting institutions are required to make reports enumerated in paragraph (b) of 17 CFR 240.17f-1 directly to the appropriate instrumentality, and should use Form X-17F-1A for such purposes. If the security involved is a U.S. Government or Agency security, the appropriate instrumentality is any Federal Reserve Bank or Branch. In the case of all other securities, the appropriate instrumentality is SIC. Reports must also be sent to a transfer agent for the issue and to the appropriate law enforcement agency if criminality is suspected.

In the case of reports concerning securities for which SIC is the appropriate instrumentality, all Form X-17F-1A's must be signed by an authorized individual whose signature is on file with SIC and should be mailed to SIC at P.O. Box 421, Wellesley Hills, Mass. 02181 within the time limits set forth in 17 CFR 240.17f-1. All reports will be entered into the computer data base within 1 day of receipt.

Preliminary reports may also be made by telephone or telex and institutions are encouraged to use this service. Preliminary reports should include the reporting institution's FINS number,³ the CUSIP number and certificate numbers (including all prefixes and suffixes) of the securities, and indication of whether or not criminality is suspected. Preliminary reports must be followed promptly by a written report on Form X-17F-1A signed by an authorized individual and mailed to SIC at P.O. Box 421, Wellesley Hills, Mass. 02181.

The designee will send a written report confirmation to the reporting institution on a weekly basis.

Inquiries

Under 17 CFR 240.17f-1, reporting institutions must inquire of the data base of reported security losses, thefts, and counterfeits to determine the validity of securities coming into their possession or control. In the case of inquiries with respect to securities for which SIC is the appropriate instrumentality, reporting institutions must employ the manual, computer-assisted system designed by SIC.

For the purposes of this system, all reporting institutions must register as either direct or indirect inquirers. Direct inquirers make inquiries of the

³FINS ("Financial Industry Number Standard") numbers are compiled in the 1976 FINS Directory (first edition), published by the Depository Trust Co. If an institution is uncertain as to whether it has a FINS number, it should consult this Directory, its self-regulatory organization, its trade association, or SEC personnel at 202-376-8134. If an institution has not been assigned a FINS number, a number may be obtained at no cost by writing the Depository Trust Co., attention: FINS Publication, 55 Water Street, New York, N.Y. 10041.

system directly by using telephone, telex, or mail. Alternatively, a reporting institution can participate as an indirect inquirer by arranging with a direct inquirer to act on its behalf in making inquiries of the system. Direct inquirers will be charged the registration fees and usage charges described below. Indirect inquirers will not be charged any fees by SIC but may expect direct inquirers acting on their behalf to charge them costs and service charges.

Upon registering with the systems a direct inquirer, the reporting institution will be assigned appropriate access codes which will be based, in part, on the institution's FINS number. The code must be used each time the reporting institution makes an inquiry of the system, whether on its own behalf or on behalf of another institution, to insure that only authorized direct inquirers have access to the system.

In addition to the reporting institution's access code, the inquiry must include the securities CUSIP and certificate numbers (including all suffixes and prefixes). Multiple inquiries can be made in a single mailing, telephone call, or telex transmission.

All direct inquirers must have at least one primary access station from which inquiries will be made to SIC and to which monthly written inquiry confirmations will be mailed. If desired, a direct inquirer can access the system from various stations within its organization. These additional stations can be registered as either primary or secondary access stations. A secondary station makes inquiries of the system directly but written confirmations of such inquiries will be directed to a primary access station of the institution. A primary access station receives confirmations for its own use of the system and for use by its secondary access stations, if any. Every secondary station must be associated with one and only one primary station.

Processing of Inquiries

Direct inquirers may inquire of the data base by telephone, telex, or mail. In the case of telephone inquiries, direct inquirers will receive a special telephone number to be used for such purposes. On calling, the direct inquirer must furnish the operator its access code, and the certificate's CUSIP and certificate number. Each inquiry will be assigned a validation number which confirms for the direct inquirer that the inquiry was made. Mail and telex inquiries should include the identical information and will be processed upon their receipt by SIC.

The operator will then enter the data into the data base to determine if the CUSIP and certificate numbers in the inquiry match those in a previous-

ly submitted report. If so (a "hit"), the inquiring institution will be notified immediately of the match. This positive confirmation will include instructions on how to contact the reporting institution which submitted the matching report and notice, if any, of suspected criminality. The reporting institution will also be notified of the hit and of the identity of the inquiring institution.

Written confirmations of inquiries that do not result in a match (negative confirmations) will be mailed to the direct inquirer monthly. An optional prompt written confirmation service will be available to direct inquirers at additional cost. With this service, the primary access station will receive confirmation by mail of all inquiries (positive or negative) and of all reports received by the system from that station or its secondary access stations. There will be one such mailing for each day on which reports and/or inquiries are received from the station or its secondary access stations.

Schedule of Charges

Under a pricing structure and schedule of fees approved by the Commission, organizations that are direct inquirers will be charged an annual registration fee and usage fees. An indirect inquirer will not be charged these fees but may expect that the institution that makes inquiries on its behalf will require compensation for its costs and services.

Fees do not cover participants use of the mails, telephone, or telex for making reports or inquiries, nor any training or education of employees of direct or indirect inquirers in connection with the use of the system.

Registration. This annual fee for direct inquirers covers the cost of maintaining registration data, assignment of access codes, and billing of all charges. The fee is based on the number of access stations designated by the direct inquirer on its registration form.

For each primary access station \$20
For each secondary access station..... \$10

Prompt Written Confirmation Service (Optional): Institutions desiring this service will receive prompt written confirmation of all inquiries and re-

ports received from a direct inquirer each day via mail, telephone or telex.

Each primary access station using the service (per quarter) \$20

Usage: These fees will cover the cost of verification of authorized system access, matching of reports and inquiries, notification of matches, confirmation of inquiries, retention of files, and system improvements.

Usage charges will be billed quarterly in advance to a single primary access station. These charges, approved by the Commission, are based on the aggregate volume of inquiries made by all participating institutions. The aggregate cost for processing

these inquiries is apportioned among all direct inquiries according to their size classification. Thus, an institution is not billed on the basis of its actual usage of the system and, for the charge assessed, it may make an unlimited number of inquiries.

The charges outlined below are based on estimates of the number of direct inquirers that will register for 1979 and of the aggregate number of inquiries (10,000 per day). The chart shows how the range in rates may be affected by the total number of registered direct inquirers. It must be stressed that neither the Commission nor SIC has any control over this variable.

Type	Size	Estimated Annual Usage Charges		
		If 500 Direct Inquirers	If 1000 Direct Inquirers	If 1500 Direct Inquirers
Banks	Amounts of Deposits			
	Over \$1 Billion	3200	3000	2800
	\$500 Million to \$1 Billion	1600	1500	1400
	Less than \$500 Million	150	100	75
Securities Organizations	Annual Revenue (Most recent fiscal year)			
	Over \$25 Million	3200	3000	2800
	\$5 Million to \$25 Million	2100	1800	1600
	\$500,000 to \$5 million	600	500	400
Non-Bank Transfer Agents	Less than \$500,000	300	250	200
	Number of Shares Issued Last Year			
	100,000 shares or more	150	150	150
	Less Than 100,000 shares	50	50	50

All charges will be billed in advance on a quarterly basis and adjusted subsequently to reflect the actual aggregate volume of inquiries.

Questions concerning any aspect of the Lost and Stolen Securities Program should be directed to Commission personnel at 202-376-8129 or to SIC at 617-235-1940.

(Please photocopy this form, complete, and submit to SIC.)

1979 Registration Form
Lost and Stolen Securities Program

Instructions

COMPLETION AND FILING OF THE FORM - All institutions completing and filing this form should fill in Part I and Part IV and either Part II or Part III of the form. Completed forms should be returned to:

Securities Information Center, Inc.
Post Office Box 421
Wellesley Hills, Massachusetts 02181

The deadline for filing this form is December 15, 1978.

WHO SHOULD USE THIS FORM - This form should be completed and filed by all institutions subject to Rule 17f-1 (17 CFR §240.17f-1) 1/

- (1) Who have NOT submitted a registration form for the Lost and Stolen Securities Program to Securities Information Center, Inc., OR
- (2) Who have submitted a registration form for the Lost and Stolen Securities Program to Securities Information Center, Inc. and registered as a DIRECT INQUIRER, OR
- (3) Who have submitted a registration form for the Lost and Stolen Securities Program to Securities Information Center, Inc., and registered as an INDIRECT INQUIRER AND desire to amend their prior registration form to either update the information submitted OR change their inquiry participation status.

WHO SHOULD NOT USE THIS FORM - Institutions should NOT complete or file this form if they have previously registered as an INDIRECT INQUIRER in the Lost and Stolen Securities Program by submission of a registration form to Securities Information Center, Inc. AND the data submitted thereon is current AND they do not desire to change their inquiry participation status. If an institution does not submit this form, the prior election of inquiry participation status will continue and be binding through June 30, 1979.

-
- 1/ The institutions subject to Rule 17f-1 are as follows: every national securities exchange, member thereof, registered securities association, broker, dealer, municipal securities dealer, registered transfer agent, registered clearing agency, participant therein, member of the Federal Reserve System and bank whose deposits are insured by the Federal Deposit Insurance Corporation.

NOTICES

PART I

A. Name of Institution _____
 Mailing Address _____

 Zip Code _____

FINS Identification No. 2/ _____

Name, Title, and Telephone
 Of Person to Whom Bills
 Should Be Directed: _____
 () _____

Name, Title and Telephone
 of Person Responsible
 for Institution's
 Compliance with Rule
 17f-1 (if different
 from above): _____
 () _____

B. Type of Institution - Check all classifications listed
 below that describe the institution. 3/

- () 1. Federal Reserve System member.
- () 2. Bank whose deposits are insured by the
Federal Deposit Insurance Corporation.
- () 3. National Securities Exchange.
- () 4. National Securities Exchange member.
- () 5. National Securities Exchange member firm.
- () 6. Registered Securities Association.
- () 7. Registered Securities Association member.
- () 8. Securities broker.
- () 9. Securities dealer.
- () 10. Municipal securities dealer.
- () 11. Registered transfer agent.
- () 12. Registered clearing agency.
- () 13. Participant in a registered clearing agency.

2/ FINS ("Financial Industry Number Standard") numbers
 are compiled in the 1976 FINS Directory (First
 Edition), published by the Depository Trust Company.
 If an institution is uncertain as to whether it has a
 FINS number, it should consult this Directory, its

(Footnote Continued)

- C. Size of Institution - Check the line below that describes the size of the institution.
1. Banks (those who checked lines 1 or 2 of B, above)
 - More than \$1 billion in deposits
 - \$500 million to \$1 billion in deposits
 - Less than \$500 million in deposits
 2. Securities Organizations (those who checked lines 3 through 10 of B, above)
 - More than \$25 million in annual revenues
 - \$5 million to \$25 million in annual revenues
 - \$500,000 to \$5 million in annual revenues
 - Less than \$500,000 in annual revenues
 3. Non-Bank Transfer Agents (those who checked only classification 11 of B, above)
 - That issued 100,000 shares or more last year
 - That issued less than 100,000 shares last year

(Continued Footnote)

self-regulatory organization, its trade association, or SEC personnel at 202-376-8129. If an institution has not been assigned a FINS number, a number may be obtained at no cost by writing the Depository Trust Company, Attention: FINS Publication, 55 Water Street, New York, New York 10041.

- 3/ If no classification describes the institution, the institution is not subject to Rule 17f-1. If the institution desires to participate in the Lost and Stolen Securities Program as a "permissive inquirer," a special application must be made to the Commission pursuant to paragraph (d) of Rule 17f-1 in accordance with the instructions given in Securities Exchange Act Release No. 13832 at 42 FR 41024 (August 12, 1977).

NOTICES

PARTS II & III

Election of Inquiry Participation Status

To register as a DIRECT INQUIRER, complete Part II below. To register as an INDIRECT INQUIRER, complete Part III below. This election of inquiry participation status is binding through June 30, 1979.

Direct inquirers will be able to make inquiries of the data base directly and will be charged usage fees and registration fees as described in the Appendix of Securities Exchange Act Release No. 15289. Indirect inquirers will NOT be able to make inquiries directly and so must make arrangements with a registered direct inquirer to inquire on its behalf. Indirect inquirers will NOT be charged any fees by Securities Information Center, Inc. but should be aware that the institution making inquiries on their behalf may assess costs and service charges. (Indirect inquirers, however, should make reports of loss directly).

PART II

DIRECT INQUIRER

To register as a direct inquirer, please complete (A), (B), and (C) below.

A. Registration of Access Stations - Indicate the number of primary and secondary access stations the institution will use to make inquiries of the system. 4/ All institutions must have at least one primary access station. There is an annual registration fee of \$20.00 for each primary access station and \$10.00 for each secondary access station. 5/

NUMBER OF PRIMARY ACCESS STATIONS-----
NUMBER OF SECONDARY ACCESS STATIONS---

- 4/ Access stations are described in the "Description of the System" to which this form is appended.
- 5/ Institutions establishing secondary access stations should append to this form a list of the titles, addresses, and names of the responsible individual for each secondary access station.

B. Optional Prompt Written Confirmation Service - Indicate whether the institution desires prompt written confirmation service. If an institution desires this service, the Securities Information Center, Inc. will send the institution written confirmations of all inquiries and reports received by telephone, telex, and mail on a daily basis. If an institution does not desire this service, confirmations of inquiries will be sent on a monthly basis. There is a \$20.00 per quarter charge for each primary access station using this service.

- () We do NOT desire prompt written confirmation service.
- () We do desire prompt written confirmation service and agree to pay the fee for this service.

C. Agreement to Pay Fees - After reading the statement below, please sign in the space provided.

Beginning January 3, 1979, we will participate in the Lost and Stolen Securities Program as a direct inquirer. We agree to pay Securities Information Center, Inc. the annual registration fee of \$20.00 for each primary access station and \$10.00 for each Secondary Access Station. We also agree to pay in advance quarterly usage fees, charges for optional services we request, and all sales, use and excise taxes, or other taxes, which may be levied on or in connection with, the furnishing of the facilities or services of the Securities Information Center, Inc. We understand that all fees are due and payable within ten days of date of invoicing.

(Signature of Authorized Institutional Representative)

(Type or Print) (TITLE)

PART III
INDIRECT INQUIRER

To register as an indirect inquirer, please complete the statement below and sign in the space provided.

Beginning January 3, 1979, we will participate in the Lost and Stolen Securities Program as an indirect inquirer. We have entered into an agreement with _____ who will (Name of Registered Direct Inquirer)

NOTICES

make inquiries on our behalf and we have a copy of this agreement on file available for inspection. We are aware that we will receive no direct confirmations from Securities Information Center, Inc., and that the institution that makes inquiries for us may pass through to us the costs of using the system on our behalf as well as additional service charges.

(Signature of Authorized Institutional Representative)

(Type or Print) (TITLE)

PART IV

ALL institutions filing this form must complete (A) and (B) below.

A. Agreement - After reading the statement below, please sign in the space provided.

We understand that our participation in the Lost and Stolen Securities Program is required by Rule 17f-1 (17 CFR §240.17f-1) under the Securities Exchange Act of 1934, as amended. We agree that we will make reports of missing, lost, counterfeit and stolen securities and make inquiries relative thereto, in accordance with Rule 17f-1 and instructions of the Commission or its designee.

We understand that the Securities Exchange Commission has designated Securities Information Center, Inc. to operate the Lost, Missing, Stolen, and Counterfeit Securities Information System. Securities Information Center, Inc. will perform its work in a businesslike manner and in accordance with reasonable standards of care. It does not, however, guarantee the accuracy of any information contained in the records of the System or of the responses to inquiries concerning missing, lost, counterfeit, and stolen securities furnished by it. Securities Information Center, Inc. shall not be liable for any unintentional delays, inaccuracies, errors or omissions in said responses, or for any damages arising therefrom or occasioned thereby, nor

will it be liable for non-performance or interruption of services due to fire, storms, strikes, labor disputes or any causes beyond its control or due to the act or omission of any other person, firm or corporation.

(Signature of Authorized Institutional Representative)

(Type or Print) (TITLE)

B. Names and Signatures of Persons Making Reports on Behalf of the Institution - All reports of missing, lost, counterfeit or stolen securities and all reports of recoveries must be submitted on Form X-17F-1A and signed by an individual whose signature is on file with Securities Information Center, Inc. All individuals having this authority should fill in the spaces below (attach additional pages on institution letterhead if necessary).

(Signature and Date)

(Signature and Date)

(Print or Type) (TITLE)

(Print or Type) (TITLE)

MAIL THIS FORM TO:

Securities Information Center, Inc.
Post Office Box 421
Wellesley Hills, Massachusetts 02181

DEADLINE FOR FILING IS DECEMBER 15, 1978.

[FR Doc. 78-31618 Filed 11-8-78; 8:45 am]