

transfer instruction involves providing the information that NSCC considers necessary to accomplish the account transfer.

The Commission finds that the rule change is consistent with Section 15A(b)(6) of the Act because the rule change will reduce the delays associated with the physical transmission of TIFs by requiring members to transmit account transfer instructions electronically through automated systems when both the carrying and receiving firms are participants in a registered clearing agency that has such automated facilities. This change will promote the protection of investors and the public interest and enhance the clearance and settlement system.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change SR-NASD-95-59 be, and hereby is, approved, effective July 1, 1996.

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. 96-6322 Filed 3-15-96; 8:45 am]

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[Release No. 34-36952; File No. SR-PSE-96-03]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Pacific Stock Exchange Incorporated Relating to its Options Lead Market Maker Program

March 11, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").¹ notice is hereby given that on January 16, 1996, the Pacific Stock Exchange Incorporated ("PSE" or "Exchange") 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 by the self-regulatory organization. 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 Pacific Stock Exchange Incorporated ("PSE" or "Exchange") proposes to amend its rules governing the Options Lead Market Maker ("LMM") Program.

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 self-regulatory organization 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 self-regulatory organization 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

PSE Rule 6.82 ("LMM Rule") sets forth the basic rules and procedures applicable to LMMs and the LMM Program.² The Exchange proposes to modify Rule 6.82 by adding several new substantive provisions and by restructuring the rule and clarifying some of its existing provisions. The purpose of the proposal is to enhance the LMM program and to clarify and streamline the LMM Rule. The proposed changes include, more specifically, the following:

1. Current PSE Rule 6.82(c)(6) provides that LMMs are guaranteed 50% participation in transactions occurring at their disseminated bids and/or offers in their allocated issues. The Exchange proposes to modify this provision to give the Options Allocation Committee ("OAC") discretion to reduce such guaranteed participation from 50% to 40% for multiply-traded issues, and from 50% to 25% for exclusively-traded issues, where the average daily trading volume in an issue reaches 3,000 contracts at the Exchange for three consecutive months. See proposed Rule 6.82(d)(2)(A)-(B).

2. Current PSE Rule 6.82(b)(4) sets forth several circumstances (e.g., unsatisfactory LMM performance, or material changes in LMM's financial or operational condition) under which the OAC may reallocate an issue to a new or existing LMM. The Exchange proposes to add two new circumstances under which the OAC may reallocate an

issue: (a) if the Exchange's share of the total multi-exchange customer trading volume in a dually-traded issue drops from above 70% to below 70%; or (b) if the Exchange's share of the total multi-exchange customer trading volume in an issue that is traded by three or more options exchanges drops from above 45% to below 45%. See proposed Rule 6.82(f)(1)(D)-(E). The Exchange also proposes to provide the OAC with the discretion to reallocate such an issue either to an interim LMM or to a market maker trading crowd in any situation in which reallocation is authorized by Rule 6.82. See proposed Rule 6.82(b)(4).

3. Under the proposal, if an issue is reallocated from an LMM to a market maker trading crowd, the market quality and service provided by the crowd must equal or better than previously provided or guaranteed by the LMM. Otherwise, the OAC may determine that the issue revert to the LMM system. See proposed Rule 6.82(f)(3).

4. The proposal would allow the OAC to designate a cooperative of market makers to act as an LMM in an issue provided that they maintain collectively a cash or liquid asset position in the amount required by LMM's, set forth in current Rule 6.82(c)(8). This provision further states that violations of the Exchange Constitution and Rules committed by a market maker cooperative that is not registered as a broker-dealer may render each market maker thereof personally liable for disciplinary sanctions for such violations. See proposed Rule 6.82(a)(3).

5. The Exchange proposes that in the absence of extraordinary circumstances, as determined by the OAC, no LMM may be located more than 10% of the number of option issues traded on the Options Floor. See proposed rule 6.82(e)(3).

6. The Exchange proposes to replace references to the LMM Appointment Committee in the current rule with references to either the Options Allocation Committee or the Options Appointments Committee. See *passim*.

7. The proposal specifies that each LMM must designate an approved LMM to act as a substitute LMM (in case the designated LM is unable to perform its duties), and notify Book Staff of such designation. See proposed rule 6.82(c)(5).

8. Rule 6.82(b)(8) currently provides that if an issue is reallocated pursuant to Subsection (b)(7), the LMM shall receive an award of compensation based upon time of and performance during LMM service, capital commitment and, trading volume in the subject option issue. The Exchange proposes to change

² The LMM Rule was adopted in January 1990 as a pilot program. See Exchange Act Release No. 27631 (January 17, 1990), 55 FR 2462. The pilot program recently was extended to September 30, 1996. See Exchange Act Release No. 36293 (September 28, 1995), 60 FR 52242. The Exchange intends to seek permanent approval of the LMM Program before the expiration of the latest pilot extension.

¹ 15 U.S.C. 78s(b)(1) (1988).

the term "shall" in that provision to "may." See proposed Rule 6.82(f)(4).

9. The Exchange proposes to simplify the current provisions concerning appeals from OAC or Options Appointment Committee decisions so that in all cases such appeals are governed by Rule 11, and, during such appeals, the OAC shall appoint an interim LMM or trading crowd until such appeal has been resolved. See proposed rule 6.82(g).

10. The proposal would remove a provision requiring that LMM issues shall be traded in an area of the trading floor that is separate from other issues. See current Rule 6.82(a)(2).

11. The Exchange also proposes to restructure the rule, eliminate superfluous provisions, and make other revisions that would clarify the current text of the Rule. See *passim*.

The Exchange believes that its proposal is consistent with Section (b) of the Act in general, and Section 6(b)(5) in particular, in that it is designed to facilitate transactions in securities and to promote just and equitable principles of trade.

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

The Exchange 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.

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

Written comments on the proposed rule change were neither solicited nor received.

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

Within 35 years 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 Section, 450 Fifth Street, N.W., Washington, D.C. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to File No. SR-PSE-96-03 and should be submitted by [insert date 21 days after the date of this publication].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.³

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-6321 Filed 3-15-96; 8:45 am]

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[Release No. 34-36954; File No. SR-Philadep-96-03]

Self-Regulatory Organizations; Philadelphia Depository Trust Company; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Enhancing Philanet Terminal Services To Allow Participants To Access Their Bookkeeping Activity Reports for Continuous Nets Settlement Accounts and Other Accounts

March 11, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on February 23, 1996, the Philadelphia Depository Trust Company ("Philadep") 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 Philadep. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

³ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1) (1988).

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Philadep proposes to enhance its Philanet terminal services to allow participants to access their bookkeeping activity reports for continuous net settlement ("CNS") accounts at Stock Clearing Corporation of Philadelphia ("SCCP") and for Philadep accounts through their Philanet terminals.²

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

In its filing with the Commission, Philadep included statements concerning the purpose of and the 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. Philadep has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.³

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

Currently, participants may obtain bookkeeping reports for CNS accounts at SCCP and for Philadep accounts in the form of hard copy reports or by computer-to-computer facilities ("CCF"). The proposed rule change will give participants the option of accessing the same information through their Philanet terminals by choosing the "RPTS" function. Philadep believes that this method is more expeditious and efficient than issuing hard copy reports and for some participants it is more economical than using CCF.

Philadep believes the proposed rule change is consistent with the requirements of Sections 17A(b)(3) (A) and (F)⁴ of the Act because it fosters cooperation and coordination with persons engaged in the clearance and settlement of securities transactions and further assures the safeguarding of securities which are in the custody or control of Philadep.

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

Philadep does not believe that the proposed rule change will have an

² Philanet is an on-line terminal network system that allows participants to access information affecting their accounts through an on-site terminal located at the participant's office.

³ The Commission has modified the text of the summaries prepared by Philadep.

⁴ 15 U.S.C. 78q-1(b)(3) (A) and (F) (1988).