

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

Within 35 days of the 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 the 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 at the Commission's Public Reference Section, 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 the CBOE. All submissions should refer to File No. SR-CBOE-96-24 and should be submitted by June 7, 1996.

For the Commission, by the division of Market Regulation, pursuant to delegated authority.<sup>1</sup>

Margaret H. McFarland,  
Deputy Secretary.

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[Release No. 34-37204; File No. SR-CHX-96-13]

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Stock Exchange, Incorporated, Relating to the Modification of the Hours of the Exchange's Primary Trading Session and the Establishment of a Post-Primary Trading Session

May 13, 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 April 9, 1996, the Chicago Stock Exchange, Incorporated ("CHX" 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. On May 10, 1996, the Exchange submitted to the Commission Amendment No. 1 to the proposed rule change.<sup>1</sup> The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Rule 10(b) of Article IX, Rule 1 of Article XX, several interpretations and policies under Rule 37 of Article XX, and Rule 1 of Article XXI in order to modify the Exchange's trading hours for each traded security to track the trading hours of the security's primary market and to add a new Post-Primary Trading Session.

#### 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

<sup>1</sup> See Letter from David Rusoff, Attorney, Foley & Lardner, to Ivette Lopez, Assistant Director, Division of Market Regulation, SEC, dated May 9, 1996 ("Amendment No. 1"). Amendment No. 1 added amendments to Article IX, Rule 10(b); Article XX, Rule 1; and Article XXI, Rule 1 to the proposed rule change. Amendment No. 1 also added two paragraphs to the end of Section II.A.1 of the original filing in order to describe the amendments to the proposed rule change contained in Amendment No. 1, and corrected the text of Exhibit A to the original filing. For a more detailed description of Amendment No. 1, see text accompanying notes 6-8.

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

##### 1. Purpose

Currently, the Exchange's Primary Trading Session runs from 8:30 a.m. to 3 p.m., central time, Monday through Friday. One purpose of the proposed rule change is to amend Article XX, Rule 10(b) to conform the Exchange's Primary Trading Session hours for each traded security to the trading hours during which the security is traded on its primary market. If a security's primary market is the CHS, the trading hours will be from 8:30 a.m. to 3:30 p.m., central time.<sup>2</sup>

The proposed rule change would also add a Post-Primary Trading Session ("PPS") on the trading floor.<sup>3</sup> The PPS for orders and securities designated as eligible for the PPS would be for one-half hour after the close of the regular trading session on the security's primary market. Securities in which the CHX is the primary market will not be eligible for the PPS.

Only orders designated as eligible for the PPS would be eligible for execution during the PPS.<sup>4</sup> Market, limit and contingent order types currently acceptable would be accepted for PPS if so designated. In this regard, GTX orders would only be accepted if specifically designated as PPS-eligible. The Exchange's MAX System will not be available as an automated execution system or as an automated routing system during the PPS. As a result, order sending firms must contact a floor

<sup>2</sup> Trading in the Chicago Basket, currently conducted on the Floor of the Exchange from 8:30 a.m. to 3:15 p.m., central time, will be unaffected by the proposed rule change.

<sup>3</sup> The CHX represents that ITS will be available for both inbound and outbound trades during the PPS to the extent that other market centers (e.g., the Pacific Stock Exchange, Incorporated and the Philadelphia Stock Exchange, Inc.) are open for trading. The CHX also represents the PPS will be surveilled in the same manner and using the same techniques as those used to surveil the Primary Trading Session. To facilitate the surveillance of the PPS, CHX's surveillance staff will remain on-site during the PPS and for any necessary additional time period after the close of the PPS. See Letter from David T. Rusoff, Attorney, Foley & Lardner, to Ivette Lopez, Assistant Director, Division of Market Regulation, SEC, dated May 9, 1996 ("ITS/Surveillance Letter").

<sup>4</sup> The Exchange will require order tickets of PPS-eligible orders to include an "E" designator, which will indicate that the order is eligible for execution during the PPS. See ITS/Surveillance Letter, *supra* note 3.

<sup>1</sup> 17 CFR 200.30-3(a) (12).

broker in order to send an order to the CHX during the PPS. Because the PPS will be an extension of the Exchange's daily auction market, all the Exchange's rules applicable to floor trading during the Exchange's Primary Trading Session, as modified by proposed Interpretation and Policy .05 of Rule 37, Article XX, will continue to be applicable.<sup>5</sup> For example, specialists will be required to quote markets and trading will occur based on real-time price and quote changes.

To accomplish the foregoing, the Exchange is amending Article XX, Rule 1 and Article XXI, Rule 1 to make it clear that these rules also apply to the PPS.<sup>6</sup> The Exchange is also amending Interpretation and Policy .02 of Rule 37, Article XX to make it clear that although GTX orders are executable after the close of the PPS (*i.e.*, in the Exchange's Secondary Trading Session), they are executed based on trading that occurs in a security in a primary market's after-hours closing price trading session, at that closing price, and are not executable based on trading in, or the closing price established in, the PPS.<sup>7</sup>

Finally, the Exchange is also amending Article IX, Rule 10(b) to provide that if trading on the Exchange is halted during the Primary Trading Session pursuant to Article XX, Rule 10A, and such trading halt is still in effect at the close of the Primary Trading Session, the PPS scheduled for that day will be cancelled.<sup>8</sup>

## 2. Statutory Basis

The proposed rule change is consistent with Section 6(b)(5) of the Act<sup>9</sup> in that it is designed to promote just and equitable principals of trade, to remove impediments to and to perfect

the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

### *B. Self-Regulatory Organization's Statement on Burden on Competition*

The Exchange does not believe that the proposed rule change will impose any inappropriate burden on competition.

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

No written comments were either solicited or received.

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

Margaret H. McFarland,  
Deputy Secretary.

[FR Doc. 96-12467 Filed 5-16-96; 8:45 am]

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[Release No. 34-37205; File No. SR-MBSCC-95-08]

### **Self-Regulatory Organizations; MBS Clearing Corporation; Order Approving Proposed Rule Change Relating to Eligibility Changes for Settlement Balance Order Settlement**

May 13, 1996.

On October 17, 1995, MBS Clearing Corporation ("MBSCC") filed a proposed rule change (File No. SR-MBSCC-95-08) with the Securities and Exchange Commission ("Commission") pursuant to Section 19(b) of the Securities Exchange Act of 1934 ("Act") relating to eligibility changes for Settlement Balance Order ("SBO") settlement.<sup>1</sup> On November 1, 1995, MBSCC filed an amendment to the proposed rule change.<sup>2</sup> Notice of the proposal was published in the Federal Register on December 13, 1995, to solicit comments from interested persons.<sup>3</sup> On January 30, 1996, and April 15, 1996 MBSCC filed additional amendments to the proposed rule change.<sup>4</sup> No comments were received. As discussed below, this order approves the proposed rule change.

### I. Description

The proposed rule change modifies MBSCC's procedures to provide that MBSCC will reject trades destined for SBO settlement between multiple accounts of a participant as well as between a participant's account and an account of a related participant.<sup>5</sup> As a

<sup>5</sup> As part of the proposed rule change, the Exchange has moved existing Interpretation and Policies .01-.03 of Rule 37(a), Article XX, currently found at the end of subparagraph (a) of Rule 37, to the end of Rule 37, and renumbered existing Interpretation and Policy .01 of Rule 37 as Interpretation and Policy .04.

<sup>6</sup> See Amendment No. 1, *supra* note 1.

Article XX of the CHX Rules contains the Exchange's trading rules. Article XX, Rule 1 currently states that the rules contained in Article XX have general applicability to Exchange Contracts made on the Exchange during the Primary Trading Session, and, to the extent determined by the Exchange, to Exchange Contracts not made on the Exchange.

Article XXI, Rule 1 currently requires each Exchange member to promptly advise the Exchange of each of his or her transactions that are executed on the Floor of the Exchange during the Primary Trading Session or through the Portfolio Trading System.

<sup>7</sup> For a description of operation of the Exchange's Secondary Trading Session, see Securities Exchange Act Release No. 33991 (May 2, 1994), 59 FR 23904 (May 9, 1994) (File No. SR-CHX-93-23).

<sup>8</sup> See Amendment No. 1, *supra* note 1.

<sup>9</sup> 15 U.S.C. 78f(b)(5).

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

<sup>2</sup> Letter from Anthony H. Davidson, Attorney, MBSCC, to Michele Bianco, Division of Market Regulation ("Division"), Commission (November 1, 1995).

<sup>3</sup> Securities Exchange Act Release No. 36557 (December 6, 1995), 60 FR 64083.

<sup>4</sup> Letters from Anthony H. Davidson, Attorney, MBSCC, to Michele Bianco, Division, Commission (January 30, 1996) and to Jerry Carpenter, Associate [sic] Director, Division, Commission (April 12, 1996). The January 30, 1996, amendment adds a definition of related participant to MBSCC's Procedures consistent with language in MBSCC's original filing. The April 15, 1996, amendment provides that a participant requesting a waiver from the eligibility requirements must provide MBSCC with certain assurances. The amendments were technical amendments that did not require republication of notice.

<sup>5</sup> "Related participant" is any affiliate (as defined in Rule 12b-2 of the Act) or entity that is used or intended to be used in whole or in part to