

Commission. This fee currently equals  $\frac{1}{300}$ th of one percent of the aggregate dollar amount of total annual securities sales on the Exchange. The text of the proposed rule change is available at the Office of the Secretary, CSE and at the Commission.

## 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 CSE 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 CSE 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

The purpose of the proposed rule change is to amend the Exchange's trading fee rules to codify its long-standing practice concerning the collection and payment of the annual transaction fee required under Section 31 of the Act. The Exchange generates daily data concerning the number of trades, share volume, trade value and SEC fee generated by each member. This information is compiled monthly and furnished to Exchange members with a monthly invoice. In addition, Exchange members are required to complete and certify a monthly Report of Sales form indicating the aggregate sales price and aggregate volume of securities transacted on the Exchange, and the SEC transaction fees due. This form is remitted with the payment of the required fee. New members are provided with copies of the Report of Sales form.

#### 2. Statutory Basis

Because the proposed rule change will help fund the Commission oversight and regulatory activities, the Exchange believes that the proposed rule change is consistent with Section 6<sup>1</sup> of the Act in general and with Section 6(b)(5)<sup>2</sup> in particular in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest.

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

The CSE does not believe that the proposed rule change will impose any burden on competition that is unnecessary or inappropriate 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 were neither solicited nor received with respect to the proposed rule change.

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

The foregoing rule change establishes or changes a due, fee, or other charge imposed by the Exchange and, therefore, has become effective pursuant to Section 19(b)(3)(a) of the Act and subparagraph (e) of Rule 19b-4 thereunder.<sup>3</sup> At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purpose of the Act.

### 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 Exchange. All submissions should refer to File No. SR-CSE-96-04 and should be submitted by September 19, 1996.

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

Margaret H. McFarland,

*Deputy Secretary.*

[FR Doc. 96-22053 Filed 8-28-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37592; File No. SR-PSE-96-26]

## Self-Regulatory Organizations; Pacific Stock Exchange Incorporated; Notice of Filing of Proposed Rule Change Relating to Its Minor Rule Plan

August 21, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act") and Rule 19b-4 thereunder, notice is hereby given that on August 7, 1996, the Pacific Stock Exchange Incorporated ("PSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. 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 PSE is proposing to amend its disciplinary rules to provide Exchange staff with the authority to make findings of rule violations and to impose fines pursuant to the Exchange's Minor Rule Plan ("MRP"). Below is the text of the proposed rule change. Proposed new language is italicized; proposed deletions are in brackets.

### PACIFIC STOCK EXCHANGE INCORPORATED

### RULES OF BOARD OF GOVERNORS

\* \* \* \* \*

#### Rule 10.13(c)

(c) The Executive Committee, the Ethics and Business Conduct Committee, the Options Floor Trading Committee, [and] the Equity Floor Trading Committee *and Exchange regulatory staff designated by the Exchange*, shall have the authority [jurisdiction] to impose a fine pursuant to this Rule.

\* \* \* \* \*

### 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

<sup>1</sup> 15 U.S.C. 78f.

<sup>2</sup> 15 U.S.C. 78f(b)(5).

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A) and 17 CFR 19b-4(e).

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*

(1) Purpose

The Exchange is proposing to amend its MRP,<sup>1</sup> which provides that the Exchange may impose a fine not to exceed \$5,000 on any member, member organization, or person associated with a member organization, for any violation of an Exchange rule that has been deemed to be minor in nature and approved by the Commission for inclusion in the MRP. PSE Rule 10.13, subsections (h)–(j), sets forth the specific Exchange rules deemed to be minor in nature.

PSE Rule 10.13(c) currently provides that the Executive Committee, the Ethics and Business Conduct Committee, the Options Floor Trading Committee and the Equity Floor Trading Committee<sup>2</sup> have jurisdiction to impose a fine pursuant to Rule 10.13. The Exchange is proposing to amend Rule 10.13(c) to specify that Exchange regulatory staff designated by the Exchange shall also have the authority to impose a fine pursuant to Rule 10.13.

Under the proposal, Regulatory staff would be authorized to make determinations of whether minor rule violations have occurred and to impose

a fine under the Recommended Fine Schedule<sup>3</sup> for any MRP violations. Nevertheless, the Exchange may follow the current procedure of having a committee consisting of Exchange members adjudicate a MRP disciplinary case if the individual situation warrants such action.<sup>4</sup>

The purpose of the proposal is to make the Exchange's disciplinary process more efficient. The majority of MRP cases currently decided by committees involve facts that are easily verifiable and rules that are objective or technical in nature. In such situations, currently, Exchange committees typically reaffirm staff determinations by approving staff recommendations.

Under the proposal, Exchange members and member organizations found in violation of a rule or rules under the MRP will continue to have a right of appeal under Rule 10.11,<sup>5</sup> which provides for a hearing before three members or for a review "on the papers." A further appeal of decisions pursuant to such hearings or reviews on the papers is available pursuant to Rule 10.11(e). The Exchange does not intend to modify its current procedure for adjudicating non-MRP disciplinary cases pursuant to Rule 10.3 involving the issuance of formal complaints. Finally, the Exchange will continue to notify its membership, by regulatory bulletin distributed on a quarterly basis, of all fines imposed pursuant to the MRP.

(2) Statutory Basis

The proposal is consistent with Section 6(b) of the Act, in general, and Section 6(b)(5), in particular, in that it is designed to promote just and equitable principles of trade. The proposal is also consistent with Section 6(b)(7) in that it is designed to provide a fair procedure for the disciplining of members and persons associated with members.

*B. Self-Regulatory Organization's Statement on 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 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 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will—

(A) By order approve such proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

*IV. Solicitation of Comments*

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room, 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 PSE. All submissions should refer to File No. SR-PSE-96-26 and should be submitted by September 19, 1996.

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

Margaret H. McFarland,  
*Deputy Secretary.*

[FR Doc. 96-22054 Filed 8-28-96; 8:45 am]

BILLING CODE 8010-01-M

<sup>1</sup> Rule 19d-1(c)(2) under the Act authorizes national securities exchanges to adopt minor rule violation plans for the summary discipline and abbreviated reporting of minor rule violations by exchange members and member organizations. See Securities Exchange Act Release No. 21013 (June 1, 1984), 49 FR 23828 (order approving amendments to paragraph (c)(2) of Rule 19d-1 under the Act). The PSE's MRP was approved by the Commission in 1985. See Securities Exchange Act Release No. 22654 (November 21, 1985), 50 FR 48853 (order approving File No. SR-PSE-85-24). In 1993, the Exchange amended its MRP and adopted detailed procedures relating to the adjudication of minor rule violations. See Securities Exchange Act Release No. 32510 (June 24, 1993), 58 FR 35491. Thereafter, the Exchange has modified its MRP several times. See Securities Exchange Act Release Nos. 34322 (July 6, 1994), 59 FR 35958; 35144 (December 23, 1994), 59 FR 67743 (December 30, 1994); and 36622 (December 21, 1995), 60 FR 67384 (December 29, 1995).

<sup>2</sup> These four committees are comprised exclusively of Exchange members, with one exception: the Executive Committee includes three members plus the Chairman of the Exchange (who is not a member).

<sup>3</sup> For a discussion of the Recommended Fine Schedule, see Rule 10.13(f) and Securities Exchange Act Release No. 34322 (July 6, 1994).

<sup>4</sup> The Exchange anticipates that Committee review of MRP cases for determinations of whether violations have occurred, and the imposition of a fine (if any), will be limited to situations where the committee members' knowledge of trading practices and unwritten procedures would be helpful.

<sup>5</sup> "Appeal of Floor Citations and Minor Rule Plan Sanctions."