

Specialist's share volume be in assigned issues may be deleted because with only 60 securities in which a specialist may serve as an Alternate Specialist and the adoption of the new standards in the rule, it is permissible for Phlx to decide that an aggregate minimum level of Alternate Specialist activity is no longer necessary to ensure that Alternate Specialists are acting as section 11(b) specialists. Moreover, the 50% requirement spread over potentially 2,300 securities did not guarantee significant depth or liquidity in individual stocks. The Commission believes that new Rule 202A(c)(iv), which places affirmative obligations on the Alternate Specialist to maintain an adequate presence in the Exchange's market with respect to assigned issues and to execute at least 50% of the trades placed in the Alternate Specialist account each quarter on the Exchange, in addition to the limitation in the number of securities for which a specialist may act as an Alternate Specialist should ensure sufficient Alternate Specialist participation on the Exchange and liquidity in individual stocks.

With respect to the 50% on-floor requirement, the Exchange proposes to calculate the percentage of quarterly trade volume rather than "opening" share volume. The Commission believes that with this amendment the Exchange can monitor the frequency of Alternate Specialist participation on the Exchange, which would be as helpful as the prior requirement in measuring whether Alternate Specialists are fulfilling their obligations to provide liquidity on the Exchange. Moreover, eliminating the "opening" distinction will make it easier for the Exchange to monitor compliance with the requirement.

Moreover, the Commission believes that amending the 50% on-floor requirement to permit Alternate Specialist to include in the calculation ITS trades will not be inconsistent with the purposes of the Act. The Exchange specifically requires that the Alternate Specialist clear the post before routing an ITS commitment to another market. Where one of the primary obligations of Alternate Specialists is to provide liquidity on demand, permitting Alternate Specialists to count ITS trades towards their 50% on-floor requirement would encourage and recognize Alternate Specialists activities that contribute to the liquidity of the National Markets. Moreover, the Commission recognizes that an Alternate Specialist who initiates an order on the floor and clears the post should not be penalized if there is no

interest in the crowd or on the limit order book against which the Alternate Specialist's order can be executed and if the specialist does not accept that order for placement in the book. The Commission finds that it is reasonable for the Exchange to assume that an Alternate Specialist who makes a good faith effort to participate as dealer on the Exchange floor is engaged in bona fide specialist activity even though the transaction ultimately can be consummated only by exposing the Alternate Specialist's order to all interest in the National Market System. Moreover, the Commission finds that the limit on the amount of ITS trades that may be counted towards the 50% on-floor requirement should ensure that the Alternate Specialists are actually engaging in bona fide equity specialist activity on the Phlx floor entitled to exempt credit.

Finally, the Commission finds that the Exchange's rules of priority and precedence of orders adequately address the concerns in Supplementary Material .06 and .07. Moreover, the Commission believes that the Exchange's proposal to delete Supplementary Material .09 is not inconsistent with the purposes of the Act. Although the affirmative obligations upon Alternate Specialist in the proposed rule change do not require the Alternate Specialist to guarantee execution of any specific number of shares, Phlx rules require Alternate Specialists to maintain an adequate presence on the Exchange with respect to assigned alternate issues and related trade activities for the alternate account. This standard will ensure that, when needed, the Alternate Specialist will be available to assist in executions as required of all specialists under section 11(b) of the Act.¹³

Moreover, the Commission finds good cause for approving Amendment No. 2 to the proposed rule change prior to the thirtieth day after the date of publication of notice of filing thereof. Amendment No. 2 merely clarified a requirement on the Alternate Specialist to clear the post before routing an order to another market through ITS¹⁴ and withdrew from consideration of the proposed rule change an amendment to permit Alternate Specialists to count towards the 50% on-floor requirement unexecuted orders of 500 or more shares placed with the Specialist on the Exchange. Both these changes to the proposal strengthen the Phlx's Alternate

Specialist rules. In addition, the Exchange's original proposal was published in the Federal Register for the full statutory period and no comments were received.¹⁵ Based on the above, the Commission finds that there is good cause, consistent with Section 6(b)(5) of the Act, to accelerate approval of Amendment No. 2.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning Amendment No. 2. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statement 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, NW., Washington, DC 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-Phlx-95-60 and should be submitted by February 14, 1996.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁶ that the proposed rule change (SR-Phlx-95-60), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁷

Margaret H. McFarland,

Deputy Secretary.

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¹³ Indeed, the Commission would question whether regular or alternate specialists were fulfilling their Section 11(b) obligations if they refused to accept for execution certain orders (e.g., 100 share agency orders).

¹⁴ See *supra* note 9.

¹⁵ See Securities Exchange Act Release No. 36457 (Nov. 3, 1995), 60 FR 57028 (Nov. 13, 1995).

¹⁶ 15 U.S.C. 78s(b)(2).

¹⁷ 17 CFR 200.30-3(a)(12).

[Release No. 34-36729; International Series Release No. 918; File No. SR-Phlx-95-80]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Strike Price Intervals for Australian Dollar Options

January 17, 1996.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on January 2, 1996, the Philadelphia Stock Exchange, Inc. ("Phlx" 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 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 Exchange proposes to revise its strike price policy, pursuant to Phlx Rule 1012, Series of Options Open for Trading, respecting foreign currency options on the Australian dollar by changing from a \$.01 interval to a \$.005 interval in the nearest three expiration months. The text of the proposed rule change is available at the Office of the Secretary, the Exchange, 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 Exchange included statements concerning the purpose of and basis for the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in section (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

The Exchange's strike price interval policies are administered pursuant to Rule 1012, Series of Options Open for Trading, Currently, Australian dollar

options are listed at one cent intervals.³ Pursuant to Phlx Rule 1012, six expiration months are currently listed in regular foreign currency options, with one, two, three, six, nine, and twelve months until expiration.

The Exchange proposes to revise its strike price policy respecting foreign currency options on the Australian dollar by changing from a \$.01 interval to a \$.005 interval in the nearest three expiration months. The mid-term expiration months (listed with six, nine and twelve months until expiration) will continue to be listed at one cent intervals.

The Phlx believes that lower volatility respecting the Australian dollar (in relation to the U.S. dollar) has created a customer need for narrower strike price intervals. Lower volatility signifies less movement in the currency such that it currently trades in a more narrow range, perhaps without moving to the next (one cent) strike price interval. Strike price intervals for a non-volatile foreign currency options, including the Australian dollar, have previously been decreased.⁴ The Exchange believes that the proposed reduction in the strike price interval should provide investors and traders of Australian dollar options with new trading strategies in between existing strikes, which, should, in turn, promote liquidity in Australian dollar options.

The Exchange is aware that the Commission seeks to balance an exchange's desire to accommodate market participation by offering a wide array of investment opportunities and the need to avoid the proliferation of illiquid options series. In this regard, the Exchange notes that this proposed rule change is limited to a foreign currency options with low volatility. Accordingly, the Exchange believes that narrower strike prices are necessary to serve the needs of the marketplace. The Exchange further represents that it will eliminate excessive strike prices where appropriate.

The Exchange believes that the proposed rule change is consistent with section 6 of the Act, in general, and furthers the objectives of section 6(b)(5), in particular, in that it is designed to

promote just and equitable principles of trade by enabling more effective management of foreign currency risk respecting the Australian dollar.

(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.

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

No written comments were solicited or received with respect to the proposed rule change.

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, NW., Washington, DC 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, NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the PHLX. All submissions should refer to File No. SR-Phlx-95-80 and should be submitted by February 14, 1996.

³ See Securities Exchange Act Release No. 23945 (December 30, 1986), 52 FR 633 (January 7, 1987) (SR-Phlx-86-38).

⁴ See e.g., Securities Exchange Act Release Nos. 35361 (April 20, 1995) 60 FR 20544 (April 26, 1995) (British Pound from \$.025 to \$.01 strike price intervals) (File No. SR-Phlx-95-06), 25685 (May 10, 1988), 53 FR 17534 (May 17, 1988) (French franc from \$.05 to \$.025 strike price intervals) (File No. SR-Phlx-86-14), and 24103 (February 13, 1987), 52 FR 5605 (February 25, 1987) (British Pound from \$.05 to \$.025 strike price intervals) (File No. SR-Phlx-86-14).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-1035 Filed 1-23-96; 8:45 am]

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[Investment Company Act Release No. 21681; 811-8940]

First Colonial Ventures, Ltd.; Notice of Proposed Deregistration

January 17, 1996.

AGENCY: Securities and Exchange Commission ("SEC").

ACTION: Notice of Proposed Deregistration under the Investment Company Act of 1940 (the "Act").

RELEVANT ACT SECTIONS: Sections 8(f) and 54(a).

SUMMARY OF NOTICE: The SEC proposes to declare by order on its own motion that First Colonial Ventures, Ltd. ("First Colonial") ceased to be an investment company when it elected on June 29, 1995 to be regulated as a business development company ("BDC") pursuant to section 54(a) of the Act.

HEARING OR NOTIFICATION OF HEARING: An order of deregistration will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary. Hearing requests should be received by the SEC by 5:30 p.m. on February 12, 1996. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESS: Secretary, SEC, 450 Fifth Street, NW., Washington, DC 20549.

FOR FURTHER INFORMATION CONTACT: Marianne H. Khawly, Staff Attorney, at (202) 942-0562, or Robert A. Robertson, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

Statement of Facts

1. First Colonial is a registered, closed-end, diversified, management investment company. On January 13, 1995, First Colonial filed a Notification of Registration on Form N-8A pursuant to section 8(a) of the Act and a registration statement on Form N-1A under section 8(b) of the Act. In 1985, First Colonial first registered securities under the Securities Act of 1933.

2. First Colonial is organized as a corporation under the laws of the state

of Utah and has its principal place of business in the state of California.

3. Section 54(a) of the Act provides that any company that satisfies the definition of a BDC under section 2(a) (48) (A) and (B) may elect to be subject to the provisions of sections 55 through 65 of the Act and be regulated as a BDC by filing with the SEC a notification of such election, if such company: (i) Has a class of its equity securities registered under section 12 of the Securities Exchange Act of 1934 (the "Exchange Act"); or (ii) has filed a registration statement pursuant to section 12 of the Exchange Act for a class of its equity securities.

4. On June 29, 1995, First Colonial elected BDC status by filing a Form N-54A.

5. Section 8(f) of the Act permits the SEC to deregister a registered investment company on its own motion if it finds that the company has ceased to be an investment company.

6. Section 8 of the Act, requiring registration of investment companies, does not apply to BDCs. After an existing registered investment company has filed an election to be regulated as a BDC, the SEC on its own motion will declare by order under section 8(f) that the company's registration under the Act has ceased to be in effect. Such an order will be made effective retroactively, as of the time the SEC received the company's election.¹

7. The SEC finds that First Colonial ceased to be a registered investment company on June 29, 1995.

For the SEC, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-1036 Filed 1-23-96; 8:45 am]

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[Rel. No. IC-21682; No. 812-9756]

Protective Life Insurance Company, et al.

January 17, 1996.

AGENCY: Securities and Exchange Commission ("Commission").

ACTION: Notice of Application for an Exemption pursuant to the Investment Company Act of 1940 (the "1940 Act").

APPLICANTS: Protective Life Insurance Company (the "Company"), Protective Variable Life Separate Account (the "Account"), and Investment Distributors, Inc. (the "Underwriter").

RELEVANT 1940 ACT SECTIONS: Order requested pursuant to section 6(c) of the

1940 Act seeking exemptions from the provision of section 27(c)(2) thereof and from Rule 6e-3(T)(c)(4)(v) thereunder.

SUMMARY OF APPLICATION: Applicants seek an order permitting them and any other separate account established in the future by the Company (the "Future Accounts," collectively, with the Account, the "Accounts") to support certain flexible premium variable life insurance policies offered currently or in the future by the Company (collectively, the "Contracts") to deduct from premiums received under the Contracts a charge in an amount that is reasonable in relation to the Company's increased federal income tax burden related to the receipt of such premium payments and that results from the application of section 848 of the Internal Revenue Code of 1986, as amended (the "Code").

FILING DATE: The application was filed on September 8, 1995.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Secretary of the Commission and serving Applicants with a copy of the request, personally or by mail. Hearing requests must be received by the Commission by 5:30 p.m. on February 12, 1996, and must be accompanied by proof of service on Applicants in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549. Applicants, c/o Elizabeth R. Nichols, Esq., Protective Life Insurance Company, 2801 Highway 280 South, Birmingham, Alabama 35223.

FOR FURTHER INFORMATION CONTACT: Kevin M. Kirchoff, Senior Counsel, or Patrice M. Pitts, Special Counsel, Office of Insurance Products (Division of Investment Management), at (202) 942-0670.

SUPPLEMENTARY INFORMATION: The following is a summary of the application; the complete application is available for a fee from the Public Branch of the Commission.

Applicants' Representations

1. The Company, a stock life insurance company organized pursuant to the laws of the State of Alabama in 1907, and redomesticated under the laws of the State of Tennessee in 1992,

⁵ 17 CFR 200.30-3(a)(12) (1994).

¹ Investment Company Act Release No. 11703 (Mar. 26, 1981).