

The NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act in that requiring participation in a program that permits account transfer instructions and customer accounts to be transferred entirely by electronic communications will promote the protection of investors and the public interest and enhance the clearance and settlement system by reducing the delays associated with the physical transmission of TIFs and increasing investor confidence in the responsiveness of the securities industry.

*(B) Self-Regulatory organization's Statement on Burden on Competition*

The NASD does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

*(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.

**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. Copies of such filing will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to SR-NASD-95-59 and should be submitted by January 24, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority, 17 CFR 200.30-3(a)(12).

Johathan G. Katz,  
Secretary.

[FR Doc. 96-00039 Filed 1-2-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-36624; File No. SR-PTC-95-08]

**Self-Regulatory Organizations; Participants Trust Company; Notice of Filing of Proposed Rule Change Modifying the Opening of Processing Activity for Security Transactions on a Permanent Basis**

December 21, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on December 19, 1995, the Participants Trust Company ("PTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-PTC-95-08) as described in Items I, II, and III below, which Items have been prepared primarily by PTC. 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 proposed rule change modifies and makes permanent a ninety day pilot program that commenced on October 23, 1995, that established the opening of security processing activity at 8:30 a.m. instead of the previous time of 7:00 a.m. For purposes of participant log-ons, intraparticipant movements of securities, and the return of securities collateral to participant positions using PTC's Collateral Loan Facility ("CLF") mechanism, PTC will retain the 7:00 a.m. opening time.<sup>2</sup>

<sup>1</sup> 15 U.S.C. § 78s(b)(1) (1998).

<sup>2</sup> Securities Exchange Act Release No. 36405 (October 20, 1995), 60 FR 55629 [File No. SR-PTC-95-07] (notice of filing and order granting accelerated approval of proposed rule change).

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

In its filing with the Commission, PTC 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. PTC has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.<sup>3</sup>

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

The purpose of the proposed rule change is to modify and make permanent the ninety day pilot program that commenced on October 23, 1995, that established the opening of security processing activity at 8:30 a.m. instead of the previous time of 7:00 a.m. The current end-of-day cut-off times will remain unchanged. Consistent with the pilot program, PTC's processing system will retain the 7:00 a.m. opening time for purposes of participant log-ons and intraparticipant movements of securities into or out of segregated accounts. In addition, the pilot program will be modified to permit the return of securities collateral to participant positions using the CLF mechanism beginning at 7:00 a.m.

The proposed rule change will conform the opening of processing activity at PTC to the opening time of the Federal Reserve System's fedwire. This will eliminate the hour and a half window during which time transactions failing PTC's credit checks cannot be processed because participants are unable to move funds to PTC ("prefunding") until the 8:30 fedwire opening. The incidence of transactions that may require prefunding in order to pass credit checks during this period is expected to increase after the implementation of PTC/SPEED processing Release 5.6, which will eliminate the posting of securities to a participant's abeyance account while awaiting match by the receiving participant. Under SPEED Release 5.6, the abeyance account will be eliminated, and transactions will be immediately posted to the deliverer's and receiver's account.<sup>4</sup>

<sup>3</sup> The Commission has modified the text of the summaries prepared by PTC.

<sup>4</sup> For further information on SPEED Release 5.6 and changes to PTC's processing system, refer to Securities Exchange Act Release No. 36377 (October

Based on its experience during the pilot program, PTC anticipates that the later opening of processing activity will have no impact on the settlement process. PTC will continue to monitor any effects of the change.

PTC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act<sup>5</sup> and the rules and regulations thereunder because it facilitates the prompt and accurate clearance and settlement of securities transactions and provides for the safeguarding of securities and funds in PTC's custody or control or for which PTC is responsible.

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

PTC 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*

PTC has not received written comments on the proposed rule change. The pilot program and the proposed permanent opening of security processing activity at 8:30 a.m. was discussed on December 7, 1995, at a meeting of the PTC Operations Committee, which consists of participant representatives. It was the consensus of the Committee members that the 8:30 a.m. opening time should be made permanent and that in addition to the intraparticipant activities that retained the 7:00 a.m. opening time under the pilot program the return of collateral using the CLF mechanism should also open at 7:00 a.m.

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

Within thirty-five 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 ninety 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, NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of PTC. All submissions should refer to file number SR-PTC-95-08 and should be submitted by January 24, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>6</sup>

Jonathan G. Katz,

Secretary.

[FR Doc. 96-00019 Filed 1-2-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-36636; International Series Release No. 910; File No. SR-PHLX-95-62]

#### **Self-Regulatory Organizations; Order Approving Proposed Rule Change by the Philadelphia Stock Exchange, Inc., Relating to the Selective Quoting Facility for Foreign Currency Options**

December 26, 1995.

#### **I. Introduction**

On September 18, 1995, the Philadelphia Stock Exchange, Inc. ("PHLX" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend the Selective Quoting Facility ("SQF") for foreign currency options ("FCOs") to reduce the number of FCO strike prices which the Exchange must make available for continuous dissemination

to the public throughout the trading day.

Notice of the proposed rule change was published for comment and appeared in the Federal Register on November 24, 1995.<sup>3</sup> No comments were received on the proposal.

#### **II. Description of the Proposal**

The SQF, contained in Commentary .04 to PHLX Rule 1012, "Series of Options Open for Trading," and Floor Procedure Advice ("Advice") F-18, "FCO Expiration Months and Strike Prices," is a feature of the Exchange's Auto-Quote system which establishes criteria to determine whether the bid/ask quotation for each FCO series is eligible for processing through the Options Price Reporting Authority ("OPRA") for off-floor dissemination to vendors. The SQF categorizes each FCO series as either an "update strike" or a "non-update strike." "Non-update" or "inactive" strikes are disseminated with the OPRA indicator "I" and zeroes (e.g., 000-000) in lieu of a market. When a series is added to the inactive category, those bids and offers are no longer updated in the Exchange's Auto-Quote system for dissemination. Because inactive series are not continuously updated and disseminated, quotation processing times are shortened so that quotes of interest are updated and disseminated to customers more quickly. According to the PHLX, approximately 40% of the Exchange's 10,000 FCO strike prices are currently inactive.

Update strikes, for which PHLX quotes must be made available for continuous dissemination to the public throughout the trading day currently include, at the minimum: (1) the four strike prices below and the four strike prices above the underlying price for American-style options<sup>4</sup> with expiration dates of the three nearest mid-month expirations and the three nearest month-end expirations; and (2) any other European-style<sup>5</sup> or American-style series where there is open interest as of the commencement of that date. In addition, update series may be activated intra-day at the initiative of the PHLX or in response to a request from either the respective specialist or from an FCO floor official.

The PHLX proposes to amend Exchange Rule 1012, Commentary .04 and Advice F-18 to (1) categorize series

<sup>3</sup> See Securities Exchange Act Release No. 36473 (November 9, 1995), 60 FR 58124.

<sup>4</sup> An American-style option can be exercised on any business day prior to its expiration date and on its expiration date.

<sup>5</sup> A European-style option can only be exercised during a specified period before it expires.

16, 1995), 60 FR 54741 [File No. SR-PTC-95-06] (notice of filing of proposed rule change).

<sup>5</sup> 15 U.S.C. § 78q-1(b)(3)(F) (1988).

<sup>6</sup> 17 CFR 200.30-3(a)(12) (1994).

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

<sup>2</sup> 17 CFR 240.19b-4 (1994).