

and prohibits the collecting broker from dividing the brokerage with any other person. Rule 14.6, however, does permit the brokerage earned by a nominee of, or a broker whose membership is registered for, a member organization to be paid to the member organization. In this event, the member's compensation from the member organization must be commensurate with the brokerage so contributed and other services rendered.

The deletion of Rule 14.6 would permit a floor broker who is absent from the trading crowd when the related trade occurs ("absent floor broker") to collect and retain the brokerage commission for an order executed by another floor broker ("executing floor broker") on behalf of the absent floor broker. Currently, the limitations of Rule 14.6 create a practical problem when a floor broker must leave a trading crowd to attend to other business or personal matters. In these situations, the floor broker often will give his orders to another floor broker to execute on his behalf in order to ensure the customer does not miss out on a market opportunity in his absence. However, the customer of the absent floor broker ordinarily will not have a relationship with the executing broker and will not expect to receive a bill from the executing broker. Under the proposed rule change, the absent floor broker would be entitled to bill the customer for the trade executed by the executing floor broker with the bill for all the other trades executed by the absent floor broker on behalf of that customer. The proposal, therefore, would reduce the chance of customer confusion and would also reduce administrative burdens for the floor brokers.

The Exchange believes it is proper for the floor brokers to make any business arrangements among themselves which they believe to be appropriate and which would lead to the efficient conduct of business. In light of the potential customer confusion and the administrative burdens, the Exchange does not believe the restriction against collecting brokerage for a trade executed on one's behalf serves a useful regulatory purpose in situations where a floor broker must leave a trading crowd for personal reasons or to attend to other business.

Regardless of who is being paid the brokerage commission for the trade, however, the floor broker who actually executes the trade would have to have his or her acronym placed on the trade ticket and would be responsible for using due diligence in the handling of the order and in fulfilling all the other responsibilities of a floor broker in the representation of the order pursuant to

Exchange rules. The Exchange believes that because the executing floor broker will be held responsible under Exchange rules for handling the order, the order will be treated with proper care by the executing floor broker regardless of who is paid for the trade. In addition, the Exchange believes that floor brokers will have a financial incentive to execute the orders either because of a reciprocal relationship of passing along orders or through a sharing of the brokerage commission.

By eliminating outdated restrictions on the conduct of floor brokerage on the floor, the proposed rule change should help to provide floor brokers with the flexibility to develop relationships which should provide for the most efficient conduct of customer business on the floor and at the same time should avoid customer confusion by eliminating additional bills for brokerage services. The proposed rule change, therefore, is consistent with and furthers the objectives of Section 6(b)(5) of the Act, in that it is designed to perfect the mechanisms of a free and open market and to protect investors and the public interest.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act in that it is designed to prevent fraudulent and manipulative acts and practices and to perfect the mechanism of a free and open market.

### *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.

## 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 Exchange. All submissions should refer to File No. SR-CBOE-96-63 and should be submitted by December 31, 1996.

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

Margaret H. McFarland,

*Deputy Secretary.*

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[Release No. 34-38015; File No. SR-NYSE-96-32]

## **Self-Regulatory Organizations; New York Stock Exchange, Incorporated; Notice of Filing of Proposed Rule Change Relating to the Exchange's Policy on Tape Indications**

December 3, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on November 26, 1996, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "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

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

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 NYSE, pursuant to Rule 19b-4 of the Act,<sup>2</sup> proposes to amend the Exchange Policy on Indications, Openings and Reopenings, which will be issued as an Information Memorandum.

#### 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

###### 1. Purpose

Indications are price ranges published on the tape before the opening or during a trading halt to display the probable price range in which a stock will open or reopen.

The Exchange's policy on dissemination of tape indications currently requires a minimum of 5 minutes to elapse between the first indication and the opening or reopening of a stock. In addition, when multiple indications are used, a minimum of 10 minutes must elapse after the last indication when it does not overlap the prior indication; a minimum of 5 minutes must elapse after the last indication when it overlaps the prior indication. In all cases, a minimum of 15 minutes must elapse between the first indication and the opening or reopening of a stock.

The Exchange is proposing that these minimum time periods before opening or reopening a stock be compressed from 15 to 10 minutes after the first indication; and to 5 minutes after the last indication, regardless of whether it overlaps the prior indication, provided that a minimum of 10 minutes elapse between the first indication and the opening or reopening of a stock. The Exchange believes that a minimum time

period of 10 minutes for dissemination has proven sufficient in other contexts, such as the publication of imbalances of 50,000 shares or more of market-on-close orders on trading days other than expiration days.

Over the years, in developing procedures for openings, the Exchange has focused on providing a balance between timeliness and appropriateness of price, *i.e.*, achieving a price that reflects an appropriate equilibrium of buying and selling interest at the time. Since current procedures were formulated, the speed of communications has increased, meaning that relevant market information can be disseminated and responded to very quickly. The proposed rule change would shorten the time period for indications, thereby allowing the opening or reopening of a stock in a more expeditious fashion, while still providing sufficient time for appropriate pricing of orders.

The revised procedures for tape indications strike an appropriate balance between preserving the price discovery process while providing timely opportunities for investors to participate in the market.

###### 2. Statutory Basis

The proposed rule change is consistent with Section 6(b)(5) of the Act in that it is designed to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market, 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 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

The Exchange has neither solicited nor received written comments on the proposed rule change.

#### 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 Exchange. All submissions should refer to File No. SR-NYSE-96-32 and should be submitted by December 31, 1996.

For the Commission, by the Division of market Regulation, Pursuant to delegated authority.

Margaret H. McFarland,  
Deputy Secretary.

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## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### Aviation Security, Advisory Committee Meeting

**AGENCY:** Federal Aviation Administration, DOT.

**SUMMARY:** Notice is hereby given of a meeting of the Aviation Security Advisory Committee.

**DATES:** The meeting will be held December 12, 1996 from 9 a.m. to 12 p.m.

**ADDRESSES:** The meeting will be held in the MacCracken Room, tenth floor, Federal Aviation Administration, 800 Independence Avenue, SW, Washington, D.C. 20591, telephone 202-267-7451.

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