

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 Amex. All submissions should refer to File No. SR-Amex-94-58 and should be submitted by January 25, 1995.

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

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-35146; File No. SR-Amex-94-50]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the American Stock Exchange, Inc. Relating to Proposed Commentary .02 to Rule 60

December 23, 1994.

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 November 14, 1994, the American Stock Exchange, Inc. ("Amex" 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. 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 text of the proposed rule change is as follows: *italics* indicate words to be added.

Rule 60 Commentary

.01 Electronic Display Book—NYSE

Disclaimer

No Change.

.02 On-Line Comparison System and Other NYSE Facilities

The Amex has entered into an agreement with the New York Stock Exchange under which Amex members and member organizations will be utilizing the NYSE's On-Line Comparison System ("OCS") for the comparison of Amex equity and bond transactions. The Amex may enter into

additional agreements with the NYSE in the future relating to the use of other NYSE systems, services, or facilities by Amex members and member organizations. In connection with member or member organization use of OCS or any such other NYSE system, service, or facility, the New York Stock Exchange shall not be liable for any damages sustained by a member or member organization growing out of the use or enjoyment thereof by the member or member organization.

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

The Amex has reached agreement with the New York Stock Exchange to integrate the Amex's Equity Intra-Day Comparison System ("IDC") into the NYSE's On-Line Comparison System ("OCS"), so that Amex equity and bond transactions can be compared through OCS. This will enable members to utilize the same computer terminal for the comparison of both Amex and NYSE securities and thus lessen the cost to the member firm community. The integration is being accomplished in two steps. Amex listed corporate bonds began to be compared through OCS on October 21, 1994 and equities are expected to be phased in by the end of the first quarter of 1995.

The Amex Constitution (Article IV, Section 1(e)) currently provides that the Exchange shall not be liable for any damages incurred by a member firm growing out of its use of the facilities afforded by the Exchange for the conduct of its business (which includes the use of the Exchange's trading systems), except as the Exchange may otherwise provide. The NYSE Constitution has a similar provision regarding use of its facilities by its members. These provisions reflect the common understanding that exchanges should not bear the risk and liability associated with member firm use of their systems. In connection with the

OCS agreement, the NYSE is requiring that, like the Amex, it be protected from liability with regard to Amex member firm use of OCS. This is similar to protection which the NYSE requested and obtained when the Amex licensed the NYSE's electronic equity display book for use on the Amex floor in 1992. At that time, the Exchange adopted a Commentary under Rule 60 providing the protection requested by the NYSE with respect to Amex member firm use of the display book.

As the Exchange may enter into additional agreements with the NYSE in the future relating to the use of other NYSE systems, services, or facilities by Amex member firms, it is proposed that the Exchange adopt a liability disclaimer provision that covers not only the current situation involving the use of OCS, but also all future situations where Amex member firms are using other NYSE facilities in accordance with similar agreements with the NYSE.¹ The new Commentary to Rule 60 will be disseminated to the membership, upon SEC approval.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act in general and furthers the objectives of Section 6(b)(5) in particular in that it will foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities. The proposed rule change is also consistent with Section 17A of the Act in that it fosters the accurate clearance and settlement of securities transactions.

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

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

¹ The NYSE acknowledges that under New York State Common Law, a liability disclaimer such as the instant one does not insulate the NYSE from loss due to gross negligence or willful misconduct. Conversation between Steve Abrams and Michael Simon, Milbank, Tweed, Hadley & McCloy, Counsel to NYSE, and Amy Bilbija, Attorney, Commission, dated December 2, 1994.

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 Amex. All submissions should refer to File No. SR-Amex-94-50 and should be submitted by January 25, 1995.

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

Margaret H. McFarland,
Deputy Secretary.

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[Release No. 34-35155; File No. SR-CHX-94-26]

Self-Regulatory Organizations; Chicago Stock Exchange, Incorporated; Notice of Filing of Proposed Rule Change Relating to Implementation of a Three-Day Settlement Standard

December 27, 1994.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on November 30, 1994, the Chicago Stock Exchange, Incorporated ("CHX") 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 primarily by CHX. On December 14, 1994, CHX filed an amendment to the proposed rule change.² 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 purpose of this proposed rule change is to amend CHX's rules to accommodate the implementation of a three business day settlement standard for securities transactions.

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

At its filing with the Commission, CHX included statements concerning the propose 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. CHX 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

On October 13, 1993, the Commission adopted Rule 15c6-1 under the Act which establishes a three-day settlement standard for most securities transactions. Rule 15c6-1 becomes effective June 7, 1995.³ CHX's proposed

rule change will amend its rules relating to delivery time frames, ex-dates, and liability for erroneous reports in order to comply with Rule 15c6-1 and a three business day settlement standard.

Under Article XX, Rule 9 of CHX's rules, regular way settlement currently requires delivery five business days after the trade date ("T+5"). Under the proposal, regular way settlement will occur three business days after the trade date ("T+3"). Seller's option trades currently can settle not less than six business days nor more than sixty days following the day of the contract. Under the proposed rule change, seller's option trades can settle not less than four business days ("T+4") nor more than sixty days following the day of the contract. Trades made for next day delivery permit delivery on the next business day following the day of the contract. Currently, such trades also may specify in the contract that delivery will occur on the second, third, or fourth full business day following the day of the contract. The proposal will eliminate the ability to specify the third or fourth full business day. Rule 9 also will be amended to eliminate references to the fourth and fifth full business day preceding the final day so that only on the second and third full business day for subscription must bids and offers be made for next day settlement.

Article XXVII, Rule 1 will be amended to provide that transactions in stocks shall be ex-dividend or ex-rights on the second business day preceding the record date rather than on the fourth business day. With regard to a record date on other than a business day, transactions in stocks will be ex-dividend or ex-rights on the third preceding business day rather than on the fifth business day.

Article XXVII, Rule 2 prescribes when ex-warrant trading will begin. The ex-warrant period will be changed to the second business day preceding the date of expiration of the warrants instead of the fourth business day. When warrant expiration occurs on other than a business day, the ex-warrant period will begin on the third business day preceding the expiration date instead of on the fifth business day.

Article XXX, Rule 15 applies to erroneous comparisons and other errors. All claims which involve erroneous comparisons will need to be made within two business days of the original trade date rather than within three business days. Claims which concern the omission of a report which was properly due will need to be made

¹ 15 U.S.C. § 78s(b)(1) (1988).

² Letter from David Rusoff, Foley & Lardner, to Christine Sibille, Division of Market Regulation, Commission (December 16, 1994).

³ Securities Exchange Act Releases Nos. 33023 (October 6, 1993), 58 FR 52891 (order adopting Rule 15c6-1) and 34952 (November 9, 1994), 59 FR

59137 (order changing effective date from June 1, 1995, to June 7, 1995).