

comments they received on the proposed rule changes. The text of these statements may be examined at the places specified in Item IV below. The SROs have 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 current NYSE and NASD rules require clearing member firms to report positions resulting from short sales, as that term is defined in Rule 3b-3 of the Securities Exchange Act of 1934, in Exchange listed securities and, with respect to the NASD, securities included in the NASDAQ System. Such reports are required on a monthly basis, submitted via electronic transmission of the data through the Securities Industry Automation Corporation ("SIAC"). The SROs utilize such data, in general, to surveil market activity. In addition, the NYSE publishes a monthly release of short interest information as a service to listed companies, the investing public, market professionals and other interested parties.

The SROs have worked closely with each other as members of the Inter-Market Surveillance Group ("ISG"), a group which includes representatives of every U.S. securities self-regulatory organization, to address problems that reach across marketplaces. ISG members have identified uniform short position reporting as an important surveillance tool that can be utilized to good effect in monitoring possible anomalous trading situations. Each member of the ISG is planning to adopt similar provisions.

Generally, the SROs propose to require all members to report short interest positions to the SRO that is the designated examining authority ("DEA") for that member. In addition, most SROs will require those members for which the SRO is not the DEA to report to the SRO which is its DEA, unless that SRO does not have a reporting requirement. In cases where no reporting is required by the DEA, the member would be required to report short position information to the SRO where it is a member irrespective of its non-DEA status.

Reports to the SROs would primarily include listed and registered securities, not otherwise reported to another SRO. Reporting would be required at such times as designated by the SROs.

Finally, most rules would clarify that both proprietary and customer positions must be reported.

The full text of each SRO's proposed rule change is available at the Commission's Public Reference Room and at the offices of each respective SRO.

2. Statutory Basis

The SROs believe that the basis under the Securities Exchange Act of 1934 (the "Act") for the proposed rule changes is the requirement under Section 6(b)(5) and 15A(b)(6), as applicable, that an SRO have rules that are 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. The proposed rule changes are consistent with these objectives in that they would enhance the Exchanges' regulatory and surveillance capabilities with respect to short interest reporting, augment market transparency for certain securities, enable investors to make more informed decisions, and provide greater disclosure for regulatory purposes.

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

The SROs do not believe that the proposed rule changes 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 SROs have neither solicited nor received written comments on the proposed rule changes.

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 each SRO. All submissions should refer to File No. SR-NYSE-94-39; SR-Phlx-94-29; SR-PSE-94-34; SR-BSE-94-15; SR-CHX-94-28; SR-NASD-94-67, as applicable, and should be submitted by January 25, 1995.

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

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-35154; File No. SR-SCCP-94-07]

Self-Regulatory Organizations; Stock Clearing Corporation of Philadelphia; 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 14, 1994, the Stock Clearing Corporation of Philadelphia ("SCCP") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by SCCP. On December 19, 1994, SCCP filed an amendment to the proposed rule change.² The Commission is publishing this notice to solicit comments on the

¹ 15 U.S.C. § 78s(b)(1) (1988).

² Letter from Sharon S. Metzker, SCCP, to Christine Sibille, Division of Market Regulation, Commission (December 12, 1994).

proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Term of Substance of the Proposed Rule Change

SCCP proposes to modify SCCP rules 18 and 40 to be in conformity with the three business day settlement standard. SCCP requests that the Commission delay effectiveness of the proposed rule change until the effective date of Commission Rule 15c6-1.

II. Self-Regulatory Organization's Statements Regarding the Proposed Rule Change

In its filing with the Commission, SCCP 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 SCCP 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 6, 1993, the Commission adopted Rule 15c6-1 under the Act which will become effective June 7, 1995.³ The rule establishes three business days after the trade date ("T+3") instead of five business days ("T+5") as the standard settlement cycle for most broker-dealer trades. In the release adopting Rule 15c6-1, the Commission concluded that a T+3 settlement cycle, as compared to the current T+5 settlement cycle, will reduce credit and liquidity risks and will increase efficiency in broker-dealer and clearing agency operations.

SCCP has identified those rules which require amendment to provide for compliance with a T+3 settlement cycle by member and member organizations. The rules are as follows.

Rule 18 ("Insolvency"), Section 6 currently provides that upon the insolvency of a participant, no contracts, pending settlement up to and including T+3 shall be settled by SCCP. Rule 18, Section 7 currently provides that on or after T+4, SCCP will buy in the securities due it from an insolvent participant and will sell out the securities due to the participant from

SCCP. The time frames contained in these sections will be shortened by two days.

Rule 40 ("Instruments with Exercise Privileges") states that a Participant is advised of potential liability based on its short value positions the fourth business day after the trade date. Under the proposed rule change, the participants will be advised on the second business day.

SCCP's implementation of the proposed rule change will be consistent with the T+3 conversion schedule which SCCP and the National Securities Clearing Corporation ("NSCC") have developed for industry use. The Conversion schedule for June 1995 is as follows.

Trade date	Settle- ment cycle	Settle- ment date
June 2, Friday	5 day	June 9, Friday.
June 5, Monday	4 day	June 9, Friday.
June 6, Tuesday	4 day	June 12, Mon- day.
June 7, Wednesday .	3 day	June 12, Mon- day.

If the Commission determines to alter the exemptions currently provided in Rule 15c6-1, SCCP may need to submit additional rule amendments. It is intended that this proposed rule change will become effective the same date as Commission Rule 15c6-1 becomes effective.

The proposed rule change is consistent with Section 17A of the Act in that it will facilitate the safeguarding of securities and funds which are in SCCP's custody or control or for which SCCP is responsible. The proposed change also is consistent with Commission Rule 15c6-1 which requires brokers or dealers to settle most securities transactions no later than the third business day after the date of the contract unless otherwise expressly agreed to by the parties at the time of the transaction.

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

SCCP 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 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 SCCP 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 in the Commission's Public Reference Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of SCCP. All submissions should refer to File No-SCCP-94-07 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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SMALL BUSINESS ADMINISTRATION

[License No. 09/09-0342]

GC&H Partners; Notice of Surrender of License

Notice is hereby given that GC&H Partners, One Maritime Plaza, San Francisco, California 94111 has surrendered its license to operate as a small business investment company

³ Securities Exchange Act Release 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).