

the contract. "Fifth" will be changed to "third."

Rule 291 requires, unless otherwise agreed, securities loaned to be delivered on the fifth business day following the day of the loan. "Fifth" will be changed to "third." Rule 294 will be amended to change the return date for securities loaned from the fifth full business day following the date the notice is given to the third full business day.

Rule 362 will require the contract price of bonds dealt in "and interest" and made "regular way delayed delivery" to include interest computed only up to but not including the third business day rather than the fifth business day following the day of the contract. Rule 371(a) states that with "delayed delivery" contracts in bonds dealt in "and interest" made prior to the fifth business day preceding the interest payment date for delivery on or after the interest payment date, there will be a cash adjustment for coupons paid. The rule will be changed to prior to the third business day preceding the interest payment date. Similarly, Rule 371(b) will require that "seller's option" contracts in bonds dealt in "and interest" made prior to the third business day, instead of the fifth business day, preceding the interest payment date for delivery on or after the payment date will have a cash adjustment for coupons paid.

Rule 431 states that transactions (except those made for "cash") shall be ex-dividend or ex-rights on the fourth business day preceding the record date. This will be changed to the second business day. With regard to a record date on other than a business day, the transaction shall be ex-dividend or ex-rights on the third preceding business day rather than on the fifth preceding business day. Rule 432 prescribes when ex-warrant trading will begin. The ex-warrant period will be changed from the fourth business day preceding date of expiration of warrants to the second business day. When warrant expiration occurs on a day other than a business day, the ex-warrant period will be changed from fifth business day preceding expiration date to third business day.

Rule 823 requires that all transactions effected on the PHLX will be settled pursuant to the "five day delivery plan" which requires regular way transactions to settle on the fifth business day after the transaction date. The proposed rule change will change all references from five to three.<sup>4</sup>

Rule 825(b) provides that the ex-dividend date for transactions in stock for which there exists a transfer facility in Philadelphia is the fourth business day preceding the record date. The reference to fourth business day will be changed to second business day. In the event the record date is not a business day, the ex-dividend date will be changed from the fifth preceding business day to the third preceding business day. Rule 825(c) establishes the equivalent ex-dividend record date for those stocks with transfer facilities outside Philadelphia. For these stocks, the ex-dividend date will be the second business day, instead of the fourth business day, preceding the equivalent Philadelphia record date.

The PHLX's implementation of these rule changes will be consistent with the June 1995 conversion schedule which the Stock Clearing Corporation of Philadelphia and National Securities Clearing Corporation have developed for industry use. The schedule is as follows:

Trade date	Settlement cycle	Settlement date
June 2 Friday .....	5 Day	June 9 Friday.
June 5 Monday ..	4 Day	June 9 Friday.
June 6 Tuesday .	4 Day	June 12 Monday.
June 7 Wednesday.	3 Day	June 12 Monday.

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

The proposed rule change is consistent with Section 6(b)(5) of the Act in that it protects investors and the public interest by reducing the risk to clearing corporations, their members, and public investors which is inherent in settling securities transactions. This is accomplished by reducing the time period for settlement of most securities transactions which will correspondingly decrease the number of unsettled trades in the clearance and settlement system at any given time.

The proposed change also is consistent with Commission Rule 15c6-1 which will require 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.

following week. This language will be changed to be consistent with the "three day delivery plan."

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

The PHLX 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 or such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the PHLX 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, N.W., Washington, D.C. 20549. Copies of such filing also will be available for inspection and copying at the principal office of the PHLX. All submissions should refer to File No. SR-Phlx-94-55 and should be submitted by January 30, 1995.

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

**Margaret H. McFarland,**  
Deputy Secretary.

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<sup>4</sup> Rule 823 also demonstrates the "five day delivery plan" by stating that a transaction that occurs on Monday will settle on the Monday of the