

Insurance Policies from NASD review, since the issuance and sale of the Contracts on an open-ended basis does not raise the kinds of underwriting issues with which the Corporate Financing Rule is primarily and traditionally concerned; the structure of the instrument is that of an insurance product which has traditionally been regulated under state insurance law; and the terms of the Corporate Financing Rule were not developed to address such products.

*(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 NW., 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 the file number in the caption above and should be submitted by February 21, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>4</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 95-2205 Filed 1-27-95; 8:45 am]

**BILLING CODE 8010-01-M**

**[Release No. 34-35261; International Series Release No. 777 File No. SR-Phlx-95-03]**

**Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc., Relating to Customized Foreign Currency Options Transaction Size**

January 23, 1995.

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 January 17, 1995, the Philadelphia Stock Exchange, Inc. ("Phlx" 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 Phlx. 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 Phlx proposes to amend Exchange Rule 1069(a) to revise the minimum transaction size for customized foreign currency options ("Customized FCOs") from 300 to 200 contracts. The text of the proposed rule change is available at the Office of the Secretary, the Phlx, and at the Commission.

**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 Phlx included statements concerning the purpose of and basis for the proposed rule change the 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 Phlx 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 the Statutory Basis for, the Proposed Rule Change*

On November 1, 1994, the Commission approved the Exchange's proposal to trade customized foreign currency options.<sup>1</sup> Customized FCOs provide users of the Exchange's FCO markets with the ability to customize the strike price and quotation method and to choose any underlying and base currency combination out of all Exchange-listed currencies, including the U.S. dollar, for their FCO transactions. The Phlx represents that Customized FCOs were introduced to attract institutional customers who enjoy the flexibility and variety offered in the over-the-counter foreign currency market but who prefer the benefits attributed to an exchange auction market for hedging their exchange rate risks.

The Exchange imposed a 300 contract minimum opening transaction size pursuant to Rule 1069(a)(6) for a number of reasons. Because the Customized FCOs are not continuously quoted and, therefore, only reported to the Options Price Reporting Authority ("OPRA") when a request for quote or responsive quote is voiced and when a trade occurs,<sup>2</sup> there is somewhat less transparency in the Customized FCO market than in the market for regular FCOs. Further, the Exchange represents that Customized FCOs are extremely labor intensive to quote, therefore making it impractical to offer the ability to request quotes for small opening transactions.

The Exchange represents that a number of mid-sized corporations and institutions have told the Exchange that the current minimum contract value is too large for their purposes. They believe that Customized FCOs would fill a market need for them but that the opening transaction size is prohibitive. The Exchange's analysis (see chart below) shows that the average value of a 300 contract trade at prevailing exchange rates is approximately \$15 million. The Exchange believes that an important corporate market segment is being priced out of the market by this excessively large opening transaction size. Therefore, the Exchange proposes to reduce the minimum opening transaction size for Customized FCO

<sup>1</sup> See Securities Exchange Act Release No. 34925 (November 1, 1994), 59 FR 55720 (November 8, 1994).

<sup>2</sup> See Phlx Rule 1069(h).

<sup>4</sup> 17 CFR 200.30-3(a)(12).

transactions to 200 contracts, which, the Exchange represents, would still result in an average minimum transaction value of approximately \$10 million.

This, in the Exchange's opinion, would be consistent with Flexible Exchange Options ("FLEX Options") traded on the Chicago Board Options Exchange and

the American Stock Exchange which also have a \$10 million minimum opening transaction requirement.<sup>3</sup>

Underlying currency	Rate <sup>4</sup>	Contract size	Value of 300 contracts	Value of 200 contracts
Australian dollar .....	0.776300	50,000	\$11,644,500	\$7,763,000
Canadian dollar .....	0.721400	50,000	10,821,000	7,214,000
Swiss franc .....	0.752600	62,500	14,111,250	9,407,500
German mark .....	0.636900	62,500	11,941,875	7,961,250
French franc .....	0.184800	250,000	13,860,000	9,240,000
British pound .....	1.561500	31,500	14,639,063	9,759,375
Japanese yen .....	0.009965	6,250,000	18,684,375	12,456,250
ECU .....	1,212700	62,500	22,738,125	15,158,750
Averages .....	.....	.....	14,805,023	9,870,016

<sup>4</sup> As of December 15, 1994, assuming that the U.S. dollar is the base currency.

The Exchange believes that the foregoing rule change proposal is consistent with Section 6 of the Act, in general, and with Section 6(b)(5), in particular, in that it is designed to promote just and equitable principles of trade, foster cooperation and coordination with persons engaged in regulating, clearing, settling, and processing information, and facilitate transactions in securities, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest by opening up the Customized FCC market to smaller corporate FCC users while keeping the market geared primarily towards institutional investors.

*(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 solicited or received with respect to the proposed rule change.

**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 Section, 450 Fifth Street, N.W., Washington, D.C. Copies of such filing with also be available for inspection and copying at the principal office of the Phlx. All submissions should refer to File No. SR-Phlx-95-03 and should be submitted by February 21, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 95-2139 Filed 1-27-95; 8:45 am]

**BILLING CODE 8010-01-M**

[Rel. No. IC-20850; File No. 812-9310]

**C.M. Life Insurance Company, et al.**

January 23, 1995.

**AGENCY:** Securities and Exchange Commission ("SEC" or the "Commission").

**ACTION:** Notice of Application for Exemption under the Investment Company Act of 1940 (the "1940 Act").

**APPLICANTS:** C.M. Life Insurance Company ("C.M. Life"), C.M. Multi-Account A (the "Account"), certain separate accounts that may be established by C.M. Life in the future to support certain variable annuity contracts issued by C.M. Life (the "Other Accounts", collectively, with the Account, the "Accounts") and SEI Financial Services Company ("SEI").

**RELEVANT 1940 ACT SECTIONS:** Order requested under Section 6(c) of the 1940 Act for exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act.

**SUMMARY OF APPLICATION:** Applicants seek an order permitting C.M. Life to deduct from the assets of the Accounts the mortality and expense risk charge imposed under certain variable annuity contracts issued by C.M. Life (the "Existing Contracts") and under any other variable annuity contracts issued by C.M. Life which are materially similar to the Existing Contracts and are offered through any Account on a basis that is similar in all material respects to the basis on which the Existing Contracts are offered (the "Other

<sup>3</sup> See CBOE Rule 24A.4(e)(ii) and Amex Rule 903C(d)(ii).

<sup>5</sup> 17 CFR 200.30-3(a)(12) (1994).