

policies and practices of the Government of Canada that are the subject of this investigation; (ii) the amount of burden or restriction on U.S. commerce caused by these acts, policies and practices; (iii) the determinations required under section 304 of the Trade Act; and (iv) appropriate action under Section 301 which could be taken in response.

Comments must be filed in accordance with the requirements set forth in 15 CFR 2006.8(b) (55 FR 20593) and are due no later than noon on March 6, 1995. Comments must be in English and provided in twenty copies to: Sybia Harrison, Staff Assistant to the Section 301 Committee, Room 223, Office of the United States Trade Representative, 600 17th Street, NW, Washington, DC 20506.

Comments will be placed in a file (Docket 301-98) open to public inspection pursuant to 15 CFR 2006.13, except confidential business information exempt from public inspection in accordance with 15 CFR 2006.15. Confidential business information submitted in accordance with 15 CFR 2006.15 must be clearly marked "BUSINESS CONFIDENTIAL" in a contrasting color ink at the top of each page on each of 20 copies, and must be accompanied by a nonconfidential summary of the confidential information. The nonconfidential summary shall be placed in the file that is open to public inspection.

Copies of the public version of the petition and other relevant documents are available for public inspection in the USTR Reading Room. An appointment to review the docket (Docket No. 301-98) may be made by contacting Brenda Webb at (202) 395-6186. The USTR Reading Room is open to the public from 10 a.m. to 12 noon and 1 p.m. to 4 p.m., Monday through Friday, and is located in Room 101, Office of the United States Trade Representative, 600 17th Street, NW., Washington, DC 20506.

Irving A. Williamson,

Chairman, Section 301 Committee.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-35335; File No. SR-CHX-94-23]

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to Odd-Lot Transactions

February 6, 1995.

On November 10, 1994, the Chicago Stock Exchange, Inc. ("CHX" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to permit differentials to be charged for certain odd-lot trades.

The proposed rule change was published for comment in Securities Exchange Act Release No. 35048 (December 2, 1994), 59 FR 63844 (December 9, 1994). No comment letters were received.

Currently, Article XXXI, Rule 9 dealing with execution of odd-lot orders provides that odd-lots must be executed at the best bid or offer, similar to round lot executions. The rule does not permit odd-lot specialists to charge differentials. The rule change allows the Committee on Floor Procedure to determine that a differential may be charged for: (1) an odd-lot "seller's option" trade,³ (2) an odd-lot order for cash or "next day" delivery, (3) an odd-lot order for additional settlement periods, and (4) an odd-lot order in an issue in which a differential is charged in the primary market. If the Committee on Floor Procedures determines to allow a differential to be charged under number 1, 2, or 3 above, all CHX odd-lot specialists may charge differentials under the specified condition. The Committee on Floor Procedures may also determine that the primary market is charging a differential in a particular security and allow the CHX specialist in the security also to charge a differential.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b).⁴ In particular, the Commission believes the

proposal is consistent with the Section 6(b)(5) requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to remove impediments and to perfect the mechanism of a free and open market and a national market system, and in general, to protect investors and the public interest.

The Commission believes that the proposed rule change to allow differentials to be charged on specified odd-lot securities will make the rules of the Exchange consistent with those of the other securities exchanges.⁵ In addition, the rule change will allow the CHX to authorize the charging of a differential in a security when the primary market is charging a differential in that security. This provision will ensure that the CHX market makers will be allowed to effect executions at competitive prices, which will contribute to the maintenance of a fair and orderly market in those securities trading on the primary market with a differential.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁶ that the proposed rule change (SR-CHX-94-23) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-3370 Filed 2-9-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-35332; File No. SR-DTC-95-04]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Proposed Rule Change Establishing a Link Between the Institutional Delivery System and Other Compatible Electronic Trade Confirmation Systems

February 3, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on January 26, 1995, The Depository Trust Company ("DTC") 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 DTC. The Commission is publishing this notice to solicit

¹ 15 U.S.C. § 78s(b)(1) (1988).

² 17 CFR 240.19b-4 (1993).

³ A "seller's option" trade is defined in Article XX, Rule 9(c) of the CHX Rules as one for delivery within the time specified in the option.

⁴ 15 U.S.C. § 78f(b) (1988).

⁵ See, e.g., NYSE Rule 124(B).

⁶ 15 U.S.C. § 78s(b)(2) (1988).

⁷ 17 CFR 200.30-3(a)(12) (1993).

¹ 15 U.S.C. 78s(b)(1) (1988).

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 proposed rule change establishes relationships between The Depository Trust Company ("DTC") and trade confirmation systems operated by other organizations that would provide for, among other things, the automated settlement in DTC of transactions introduced to DTC by such other systems (e.g., confirmed and affirmed in such other systems). Under this proposal, DTC would link its Institutional Delivery ("ID") system with another compatible electronic trade confirmation system (the "Other System").² DTC is prepared at this time to link the ID system with any Other System in the manner described below and estimates that a link in that manner could be implemented within three months from the time when the vendor of the Other System indicates a desire to establish the link. DTC will consider and may implement additional methods of linking the ID system which are different from the link described below.

Where a broker and its institutional customer in a trade use the Other System, and the agent (i.e., the institution's custodian) and/or any interested parties use the ID system, notice of order execution (sometimes called advice of execution), institution instructions (sometimes called trade allocation), confirmation and affirmation for the trade will occur in the Other System, in which case the Other System will transmit a confirmation, in DTC format, to the ID system. DTC will then process the trade in the ID system, which includes transmitting an ID system message to the Other System containing the ID system control number for the trade and transmitting confirmations to any agent and interested parties who use the ID system. DTC will not transmit confirmations to the broker and the institution. The Other System will transmit to the ID system the affirmation from the Other System, in DTC format, containing the ID system control number. If the trade involves a DTC-eligible issue, the trade will be settled by book-entry at DTC in the normal way for an affirmed trade in the ID system.

² The establishment of the link between the ID system and the Other System would be subject to the Other Systems obtaining any necessary or appropriate approvals by regulatory agencies, such as approval in regard to compliance with Rule 10b-10 under the Securities Exchange Act of 1934 if the Other System will confirm transactions.

DTC will be responsible for all quality control reporting with respect to all trades processed through the link, and the vendor of the Other System will furnish DTC with whatever data from the Other System is needed for that purpose.

Except as stated in this paragraph, DTC will charge its usual ID system fees for a transaction processed through the link. In the above example, DTC will not charge confirmation fees to the broker or institution because it will not send confirmations to either of them. Fees for any services provided by the ID system directly to the broker or institution will continue to be billed to and paid by the appropriate party. In order to encourage the development of links between the ID system and Other Systems where both the broker and the institution use the Other System, the ID system fees charged in that case to the vendor of the Other System with respect to confirmation activity will be limited to \$0.10 per trade during the period ending on December 31, 1995. DTC continually examines its fees, and the fees associated with the link between the ID system and Other Systems may be changed after December 31, 1995.³

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

In its filing with the Commission, DTC 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. DTC 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

Currently, a large number of DTC users interact operationally with DTC through intermediaries selected by them, including "service bureaus." Pursuant to standing instructions from these users, DTC currently links with these intermediaries in providing a wide range of DTC services to users, including the automated delivery and receipt of ID system confirmations and affirmations and related reports. In addition, DTC currently links the ID system with systems operated by the

³ Any such fee changes would be filed with the Commission in accordance with the requirements of the Securities Exchange Act of 1934.

other two registered securities depositories in the United States on a "private label" basis. In those links, confirmation and affirmation for a trade occur in the ID system, but any parties involved in the trade who use the other depository's system submit all data and communications regarding the trade to the other depository and receive all such data and communications from the other depository. On behalf of those parties, the other depository submits to and receives from DTC on an omnibus basis all data and communications regarding the trade in the course of ID system processing. DTC is likely to enter into similar arrangements with other organizations in the United States and abroad.

The purpose of the proposed rule change is to establish a new method of linking the ID system in addition to the current arrangements.

DTC believes the proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder applicable to DTC since the proposed rule change will facilitate the processing of transactions in securities where different trade confirmation systems are involved. The proposed rule change will be implemented consistently with the safeguarding of securities and funds in DTC's custody or control or for which it is responsible since the proposed rule change relates to DTC's existing ID system.

(B) Self-Regulatory Organization's Statement on Burden on Competition

DTC perceives no adverse impact on competition by reason of the proposed rule change.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

Written comments from DTC Participants or others have not been solicited or received on the proposed rule change.

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 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 Room, 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 DTC. All submissions should refer to File No. SR-DTC-95-04 and should be submitted within March 3, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁴

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-3326 Filed 2-9-95; 8:45 am]

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[Release No. 34-35326; File No. SR-Phlx-95-07]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange Relating to the Listing and Trading of Options on the Phlx USTOP Index

February 3, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on January 30, 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, pursuant to Rule 19b-4 of the Act, proposes to list and trade options on the Phlx USTOP 100 Index, a broad-based index developed by the Phlx and comprised of 100 highly capitalized U.S. stocks representing a variety of industries ("USTOP 100 Index" or "Index"). Exchange Rules 1001A, 1006A and 1101A respecting position limits, exercise restrictions, trading hours and far term strike prices respectively will be amended to add references to the USTOP 100 Index. The test of the proposed rule changes is available at the Office of the Secretary, Phlx, and at the Commission.

II. Self-Regulatory Organization's Statement of the Purpose of, and the 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 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 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

The Phlx proposes to list for trading European-style options² on the Index, a broad-based, capitalization-weighted index composed of 100 highly capitalized U.S. common stocks in a variety of industries, including but not limited to technology, manufacturing and the service industries. USTOP 100 Index options will be traded pursuant to current Phlx rules governing the trading of index options.³

The Phlx represents that the Index includes some of the largest and most widely-held U.S. common stocks. As of January 23, 1995, the Phlx represents that the market capitalization of the individual stocks in the Index ranged from a high of \$86 billion to a low of \$7.6 billion. The market capitalization of all of the stocks in the Index was approximately \$2 trillion. As of that

same date, no one stock accounted for more than 4.17% of the Index's total value and the percentage weighting of the five largest issues in the Index accounted for 17.28% of the Index's value. The percentage weighting of the lowest weighted stock was 0.37% of the Index's value.

The formula for calculating the value of the Index is as follows:⁴

$$\frac{(MV_1) + (MV_2) + L (MV_{100})}{\text{Divisor}} \times 100$$

Where:

MV_n = Price × Shares outstanding for each component of the Index

Divisor = Number calculated to achieve a base value of 370 for the Index as of the close of trading on December 14, 1994.

In order to maintain continuity in the value of the Index, the index divisor will be adjusted for changes in capitalization of any of the component issues resulting from, among other things, mergers, acquisitions, delistings, and substitutions. As the close of trading on January 27, 1995, the Index Value was 383.81.

The Index value will be updated dynamically at least once every 15 seconds during the trading day. The Phlx has retained Bridge Data, Inc. to compute the value of the Index. Pursuant to Phlx Rule 1100A, updated Index values will be disseminated and displayed by means of primary market prints reported by the Consolidated Tape Association and over the facilities of the Options Price Reporting Authority. The Index value will also be available on broker/dealer interrogation devices to subscribers of the option information.

In accordance with Phlx Rule 1009A, if any change in the nature of any stock in the Index occurs as a result of delisting, merger, acquisition or otherwise, the Exchange will take appropriate steps to delete that stock from the Index and replace it with another stock which the Exchange believes would be compatible with the intended market character of the Index. In making replacement determinations, the Exchange will also take into account

⁴ The formula for calculating the value of the Index is the same as that previously approved by the Commission for calculating the value of the Phlx Big Cap Index. See Securities and Exchange Act Release No. 33973 (April 28, 1994), 59 FR 23245 (May 5, 1994). Telephone conversation between Michele Weisbaum, Associate General Counsel, Phlx, and Brad Ritter, Senior Counsel, Office of Market Supervision, Division of Market Regulation, Commission, on February 2, 1995.

² European-style options can be exercised only during a specific time period prior to expiration of the options.

³ See Phlx Rules 1000A through 1103A, and 1000 through 1070.

¹ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1) (1988).