

II. To advance Objective 1, 2, and 3, the NPC will collect, analyze, and utilize information concerning existing barriers and other impediments (legal and other) to the formation and success of labor-management partnerships, how parties have overcome the barriers, including training activities, incentives to create successful partnerships, and how parties manage conflict. Priority: help overcome selected common problems.

A. Collect

1. Utilize the same sources, including focus groups, that are being used to obtain data and information about success stories to reveal legal and other barriers and impediments to parties achieving NPR goals.

2. Request parties in successful partnerships to indicate whether further progress is being impeded by legal or other barriers.

3. Obtain information from the parties during NPC meetings.

4. Meet with management groups, such as Federal Managers Association, the Senior Executives Association, and the Coalition for Effective Change, to identify ways to achieve NPR goals.

5. Consider a partnership facilitation simulation with NPC Members.

6. Extract and summarize legal barriers to partnership from the NPC Report to the President and existing GAO studies.

B. Analyze and Use

1. Compile a list of barriers to partnership, methods to overcome barriers, incentives to partnership and methods to manage conflict.

2. Provide guidance on how to overcome common barriers to partnership at different levels.

3. Problem-solve to help overcome common selected problems, including "people" issues (such as how to deal with resistant managers and union representatives); "how to" issues (such as meaning of "employee", how to deal with unrepresented employees, and compliance with Federal Advisory Committee Act requirements); and other problems where a more consultative role would facilitate the formation and success of partnerships.

4. Identify cost-effective ways of obtaining training.

5. Develop an instrument for parties to determine their training needs.

6. Develop an instrument to evaluate various training resource alternatives.

7. Integrate partnership training into existing training programs, such as union steward training, supervisory training, total quality program training, etc.

8. Develop resources for addressing partners' needs, such as: (1) enhancing the clearinghouse's information concerning trainers/providers/change promoters; (2) assisting resolution of resource and resource allocation issues; and (3) creating incentives by working with established awards programs to integrate labor/management partnership as an eligibility or ranking criterion.

9. Develop and implement plans which support NPC-recommended changes necessary to achieve the principles of Executive Order 12871.

III. To advance Objectives 1 and 3, the NPC will engage in efforts designed to measure the formation, conduct, and achievements in partnership. Priority: stimulate assessment.

A. Collect

Collect information on how parties are assessing whether success has been achieved; whether partnerships or partnership agreements exist; what activities are being undertaken by partnerships; the impact of partnership on productivity; the impact of partnership on quality of work and customer service; and information concerning various aspects of training activities undertaken under Executive Order 12871.

1. Utilize the same sources for the data and information collection, including focus groups, to identify criteria related to the assessment of partnership activity, and to identify training activities undertaken.

2. Request specific information concerning the measurement of partnership activities; the amount and types of training activities undertaken; who has been trained; who was the provider; how has training been evaluated; has training had desired results; what skills have been identified as necessary for successful partnerships; and whether there is a partnership training plan.

B. Analyze and Use

1. Identify and highlight good assessment techniques already in place.

2. Provide guidance on the tiers of success during the various stages of partnership.

3. Issue guidance on skills needed for partnership and high performance workplace.

Responsibility for NPC Activities

1. The foregoing NPC activities will be undertaken by NPC Members and by action teams, composed of representatives of NPC Member organizations.

2. The Executive Secretariat, Office of Personnel Management, will provide

logistical and administrative support to the action teams.

3. The NPC Members will specifically charge the action teams with definitive objectives and time frames for completion of the objectives.

Coordination with PMC

The NPC recognizes the importance of the support of the President's Management Council in achieving the foregoing objectives.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-35350; File No. SR-CBOE-94-35]

Self-Regulatory Organizations; Order Approving Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to Expedited Proceedings and Offers of Settlement

February 9, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission") a proposal to amend CBOE Rules 17.3, "Expedited Proceeding," and 17.8, "Offers of Settlement," to (1) specify that the subject of an Exchange investigation must notify the CBOE staff in writing within 15 days of the date of notification under CBOE Rule 17.2(d), "Notice, Statement and Access," that he elects to proceed in an expedited manner pursuant to CBOE Rule 17.3; (2) reduce the time period during which settlement offers may be submitted by a subject in an Exchange disciplinary matter who seeks to resolve the matter through expedited proceedings pursuant to CBOE Rule 17.3; and (3) allow either the subject or the Exchange staff to end the negotiations for a letter of consent at any point during the negotiations.³

¹ 15 U.S.C. 78s(b)(1) (1988).

² 17 CFR 240.19b-4 (1994).

³ CBOE Rule 17.2(c), "Report," requires the CBOE staff to submit a written report of an investigation to the Exchange's Business Conduct Committee ("BCC") in every case where an investigation results in a finding that there are reasonable grounds to believe that a violation of the Act or the CBOE's rules has been committed. CBOE Rule 17.2(d) requires the CBOE staff to notify the subject of the report of the general nature of the allegations and of the specific provisions of the Act or of the CBOE's rules that appear to have been violated, and the subject has 15 days from the date of the notification to submit a written statement to the

The proposal was published for comment in the **Federal Register** in Securities Exchange Act Release No. 34987 (November 18, 1994), 59 FR 60858 (November 28, 1994). No comments were received on the proposed rule change.

CBOE Rule 17.3 establishes an expedited process under which the subject of an Exchange investigation may seek to resolve a disciplinary matter through a letter of consent with the Exchange prior to the issuance of a statement of charges against the subject.⁴ Under CBOE Rule 17.3, a letter of consent must contain a description of the facts, violation, and sanction, and must be agreed upon by the Exchange staff, the subject of the investigation, and the BCC. If the Exchange staff and the subject are unable to agree upon a letter of consent or if they agree upon a letter of consent and the letter is rejected by the BCC, the matter proceeds as if no letter of consent had been submitted to the BCC (i.e., the BCC may decide to authorize the issuance of a statement of charges against the subject; the subject is then entitled to submit settlement offers to the BCC pursuant to CBOE Rule 17.8 during the 120-day settlement period).

The CBOE proposes to amend CBOE Rule 17.3 to (1) require that any subject who desires to resolve a disciplinary matter through the expedited proceedings using a letter of consent to submit a written notice of this fact to the Exchange staff within 15 days from the date of service of a notification letter; and (2) permit either the Exchange staff or the subject of an investigation to declare an end to the negotiations regarding a letter of consent at any point in the negotiations by providing written

BCC concerning why no disciplinary action should be taken. Under CBOE Rule 17.3, the subject of a report written pursuant to CBOE Rule 17.2 may seek to dispose of the matter through a letter of consent prior to the issue of a statement of charges.

⁴ Under CBOE Rule 17.4(b), "Initiation of Charges," when it appears to the BCC from the report of the exchange staff that there is probable cause for finding a violation within the disciplinary jurisdiction of the Exchange and that further proceedings are warranted, the BCC directs the Exchange staff to prepare a statement of charges against the person or organization alleged to have committed a violation (the "respondent") specifying the acts in which the Respondent is charged to have engaged and setting forth the specific provisions of the Act, as amended, and the rules and regulations promulgated thereunder, constitutional provisions, by-laws, rules, interpretations or resolutions of which such acts are in violation. Under CBOE Rule 17.8, at any time during the 120-day period following the date of service of a statement of charges, a respondent may submit a written offer of settlement to the BCC. The offer of settlement must contain a proposed stipulation of facts and consent to a specified sanction.

notice to the other party.⁵ Thereafter, the subject will have 15 days to submit a notification response pursuant to CBOE Rule 17.2(d) and the Exchange staff will then be permitted to bring the matter to the BCC. The CBOE states that these new procedures will establish a start and end date for expedited proceedings so that the number of days a subject spends in the expedited process can be calculated and deducted accordingly from the 120-day settlement period, as proposed under CBOE Rule 17.8.

The proposed amendments to CBOE Rule 17.8, Interpretation and Policy .01 would reduce the time period during which settlement offers may be submitted to the BCC by a subject who seeks to resolve a disciplinary matter through expedited proceedings, is unable to reach an agreement with Exchange staff, and consumes over 30 days in the expedited proceedings. Specifically, under the proposal, the number of days in excess of 30 days that a subject spends in the expedited proceeding will be deducted from the 120-day settlement period applicable to the subject under CBOE Rule 17.8. Regardless of the amount of time spent in unsuccessful negotiations, the respondent will have no less than 14 days to submit a settlement offer to the BCC pursuant to CBOE Rule 17.8(a).

The mechanism for limiting settlement periods will apply only to a subject who attempts to resolve a disciplinary matter through expedited proceedings and is unable to reach an agreement with CBOE staff upon a letter of consent; it will not apply to a subject who attempts to resolve a disciplinary matter through expedited proceedings and who reaches an agreement with CBOE staff upon a letter of consent but finds that the agreed-upon letter of consent is not accepted by the BCC. In addition, under the proposal, the number of days between the time that the expedited process is deemed to end and the time that a subject is served with a statement of charges will not be deducted from the 120-day settlement period applicable to the subject.

Finally, the CBOE proposes to make certain editorial changes to clarify CBOE Rules 17.3 and 17.8 without affecting their substance.

The CBOE believes that the proposal will enhance the efficiency and

⁵ The CBOE states that it will terminate the negotiations for a letter of consent if, among other things, it appears to the Exchange that the subject is not negotiating in good faith. Telephone conversation between Arthur Reinstein, Attorney, CBOE, and Yvonne Fraticelli, Staff Attorney, Options Branch, Division of Market Regulation, Commission, on February 8, 1995.

effectiveness of the Exchange's disciplinary process. Specifically, the Exchange believes that the proposed changes will minimize opportunities for delay and thereby help to preserve evidence and the memories of witnesses.

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, the requirements of Section 6(b)(5)⁶ that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices and to protect investors and the public interest. In addition, the Commission finds that the Exchange's proposal is consistent with the requirement of Section 6(b)(1) of the Act that an exchange have the capacity to enforce compliance by its members with the Act and the rules and regulations thereunder and the rules of the exchange. The Commission also believes that the proposal is consistent with Section 6(b)(7) of the Act because it provides a fair procedure for disciplining members.

The Commission believes that the proposal strikes a reasonable balance between the Exchange's need to provide prompt, effective and meaningful discipline for violations of Exchange rules and the federal securities laws and the need to ensure fair procedures for the subjects of Exchange investigations to contest CBOE disciplinary proceedings. By streamlining the expedited proceedings established in CBOE Rule 17.3 and limiting the time allowed for the submission of settlement offers under CBOE Rule 17.8, the Commission believes that the proposal should minimize opportunities for delay, thereby helping to preserve evidence and the availability of witnesses. This, in turn, should enhance the quality, consistency, and fairness of the Exchange's disciplinary proceedings and enable the CBOE to better enforce compliance by its members with the Exchange's rules and the federal securities laws.

The CBOE states that the Exchange's current rules allow the subject of an Exchange investigation who unsuccessfully attempts to resolve a disciplinary matter through expedited proceedings to take advantage of the entire 120-day settlement period provided under CBOE Rule 17.8, so that a respondent may utilize the expedited process to circumvent the 120-day settlement period and delay the resolution of a case. Accordingly, the

⁶ 15 U.S.C. 78f(b)(5) (1988).

Exchange proposes to amend CBOE Rule 17.8, Interpretation and Policy .01 to deduct from the 120-day settlement period the number of days over 30 days which a subject spends in the expedited process unsuccessfully attempting to reach an agreement with the Exchange staff.

The Commission believes that the proposed amendments to CBOE Rule 17.8 should allow the Exchange's disciplinary proceedings to progress promptly without compromising members' rights to "fair procedures" in CBOE disciplinary proceedings. Specifically, by deducting from the 120-day settlement period the number of days over 30 spent in unsuccessful negotiations under the expedited process, the proposal will prevent the subject of an Exchange investigation from using the expedited process to delay the resolution of a case while continuing to ensure that the subject has adequate time to resolve the matter through a letter of consent or settlement. In this context, the proposal will deduct only the portion of days above 30 spent in unsuccessful negotiations under the expedited process from the 120-day settlement period, thereby limiting the total amount of time a subject may spend in attempts to resolve a case through either a letter of consent under CBOE Rule 17.3 or a settlement offer under CBOE Rule 17.8.

The Commission also believes that it is reasonable to allow the CBOE staff, as well as the subject, to terminate negotiations for a letter of consent at any time during the negotiations. As noted above,⁷ the CBOE has stated that it will terminate the letter of consent negotiations if, among other things, it appears to the Exchange that a subject is not negotiating in good faith. The Commission believes that this provision will help to ensure that disciplinary matters are resolved quickly by preventing subjects who do not negotiate in good faith from using the letter of consent negotiations to delay the resolution of the matter.

At the same time, the Commission believes that the proposal should preserve the rights of respondents to submit settlement offers under CBOE Rule 17.8. By providing that respondents will have no less than 14 days following the date of service of the statement of charges to submit offers of settlement to the BCC, regardless of the amount of time spent in the expedited process, the proposal should provide respondents with sufficient time to submit settlement offers under CBOE Rule 17.8. Thus, the Commission

believes that the proposed amendments to CBOE Rule 17.8 will help to safeguard the procedural rights of members while preserving the Exchange's ability to administer its disciplinary proceedings in a timely and efficient manner.

The Commission also believes that the proposed amendments to CBOE Rule 17.3 are consistent with the Act. Specifically, the Commission believes that the proposed amendments will streamline the Exchange's expedited proceedings by providing that a subject of an Exchange investigation who wishes to dispose of a matter through a letter of consent must notify the Exchange staff of his intent within 15 days of the receipt of notice under CBOE Rule 17.2(d). In addition, the proposal clarifies the requirements for expedited proceedings by specifying that the subject and the Exchange staff must agree upon the terms of a letter of consent and the letter must be signed by the subject. The proposal also allows either party to deliver a written notice declaring an end to the negotiations, thereby limiting the amount of time that may be spent in unsuccessful negotiations.

In summary, the Commission believes that the proposed amendments to CBOE Rules 17.3 and 17.8 should allow cases to be resolved more quickly and efficiently, while continuing to ensure adequate due process for subjects of disciplinary matters, consistent with Section 6(b)(7) of the Act. Accordingly, the changes should permit Exchange resources to be allocated more effectively in pursuing violations of the Exchange's rules and the federal securities laws and help to ensure that appropriate and fair discipline is imposed for violations. This should further the Exchange's mandate to protect investors and the public interest.

Finally, the Commission believes that it is reasonable for the Exchange to clarify its rules by making editorial changes to CBOE Rules 17.3 and 17.8 which do not affect the substance of those rules.

It is therefore ordered, pursuant to section 19(b)(2) of the Act,⁸ that the proposed rule change (SR-CBOE-94-35) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-35354; International Series Release No. 783; File No. SR-ISCC-94-01]

Self-Regulatory Organizations; International Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Regarding the Global Clearing Network Service

February 10, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on January 6, 1995, the International Securities Clearing Corporation ("ISCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-ISCC-95-01) as described in Items I, II, and III below, which items have been prepared primarily by ISCC. 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 proposed rule change consists of amendments to ISCC's Rule 50 to expand the categories of entities with which ISCC may establish relationships for its foreign clearance and settlement service.

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

In its filing with the Commission, ISCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments that it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. ISCC 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

(a) ISCC Rule 50 currently provides that ISCC may establish a foreign clearing, settlement, and custody service in conjunction with banks and trust companies to be known as the Global Clearance Network ("GCN") Service. The proposed rule change expands the categories of entities with whom ISCC may enter into agreements in order to provide the GCN Service to include any type of entity. This change will permit

⁷ See note 5, *supra*.

⁸ 15 U.S.C. 78s(b)(2) (1988).

⁹ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1) (1988).