Examples of possible modifications to prevent pressure locking are provided in NUREG–1275, Volume 9. Modifications to prevent thermal binding are also possible, such as replacing a wedge gate valve with a parallel-disc gate valve.

5. Procedure Modifications To Prevent Pressure Locking or Thermal Binding

The staff considers procedure modification to be a strong alternative for preventing thermal binding of gate valves. However, procedure modifications are less likely to be a justifiable alternative to prevent pressure locking of gate valves.

Dated at Rockville, MD, this 20th day of March, 1995.

For the Nuclear Regulatory Commission.

Brian K. Grimes,

Director, Division of Project Support, Office of Nuclear Reactor Regulation.

[FR Doc. 95–7431 Filed 3–24–95; 8:45 am]

BILLING CODE 7590–01–M

[Docket No. 50–423]

Northeast Nuclear Energy Co.; Issuance of Amendment to Facility Operating License

The U.S. Nuclear Regulatory Commission (Commission) has issued Amendment No. 106 to Facility Operating License No. NPF–49 issued to Northeast Nuclear Energy Company (the licensee), which revised the Technical Specifications (TS) for operation of the Millstone Nuclear Power Station, Unit No. 3 located in New London County, Connecticut. The amendment is effective as of the date of issuance.

The amendment relaxes the setpoint tolerance for the pressurizer safety valves and the main steam safety valves from ± ±1% to ± ±3%.

The application for the amendment complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations. The Commission has made appropriate findings as required by the Act and the Commission's rules and regulations in 10 CFR Ch. I, which are set forth in the license amendment.

Notice of Consideration of Issuance of Amendment and Opportunity for Hearing in connection with this action was published in the **Federal Register** on October 12, 1994 (59 FR 51612). No request for a hearing or petition for leave to intervene was filed following this notice.

The Commission has prepared an Environmental Assessment related to the action and has determined not to prepare an environmental impact statement. Based upon the environmental assessment, the Commission has concluded that the issuance of the amendment will not have a significant effect on the quality of the human environment (60 FR 13476).

For further details with respect to the action see (1) the application for amendment dated August 4, 1994, (2) Amendment No. 106 to License No. NPF-49, (3) the Commission's related Safety Evaluation, and (4) the Commission's Environmental Assessment. All of these items are available for public inspection at the Commission's Public Document Room, the Gelman Building, 2120 L Street NW., Washington, DC, and at the local public document room located at the Learning Resource Center, Three Rivers Community-Technical College, Thames Valley Campus, 574 New London Turnpike, Norwich, CT 06360.

Dated at Rockville, Md., this 17th day of March 1995.

For the Nuclear Regulatory Commission.

Vernon L. Rooney, SR.,

Project Manager, Project Directorate I–4, Division of Reactor Projects–I/II, Office of Nuclear Reactor Regulation.

[FR Doc. 95–7432 Filed 3–24–95; 8:45 am]

BILLING CODE 7590–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–35518; File No. SR–AMEX–94–30]

Self-Regulatory Organizations; American Stock Exchange, Inc.; Order Approving Proposed Rule Change Relating to the Listing and Trading of Commodity Linked Notes

March 21, 1995.

I. Introduction

On August 22, 1994, the American Stock Exchange, Inc. (''Amex'' or ''Exchange'') submitted to the Securities and Exchange Commission (''SEC'' or ''Commission''), pursuant to Section 19(b) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b-4 thereunder,[2] a proposed rule change to list and trade Commodity Linked Notes (''COINs''), intermediate term notes whose value will be linked in part to changes in the levels of either the J.P. Morgan Commodity Excess Return Index (''JPMCIX'') or the J.P. Morgan Commodity Return Index (''JPMCI'' together with JPMCIX, ''Indexes'').

Notice of the proposed rule change and Amendment No. 1 (defined herein) was published for comment and appeared in the **Federal Register** on December 2, 1994.[3] No comments were received on the proposal. This order approves the proposal, as amended.

II. Description of Proposal

The Amex proposes to list for trading under Section 107 of the Amex Company Guide (''Section 107'') a new hybrid product called COINS. COINs are intermediate term notes whose value will be linked in part to changes in the level of a commodity index consisting of base metals, precious metals and energy related commodities. More specifically, the value of COINs are based on an index that replicates a trading strategy whereby an investor holds a futures position in each of eleven exchange-traded commodities for a one-month period and then rebalances the positions of the commodities held for the following month to maintain a constant dollar weighting scheme.

A. Description of the Indexes

COINs will be linked to either the JPMCI or the JPMCIX, both of which measure the return from an investment in the same eleven industrial futures contracts.[4] According to the Exchange, the JPMCI and JPMCIX are identical in all aspects except for the incorporation of ''collateral return,'' as more fully described below, into the JPMCI.[5] Both Indexes are designed to replicate a trading strategy, described more fully below, that holds a futures position in each of the eleven futures for a one month period and then rebalances the volume of commodities held for the following month based upon a constant

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[1] 15 U.S.C. 78s(b)(1) (1988).

[2] 17 CFR § 240.19b-4 (1993).

[3] *See* Securities Exchange Act Release No. 35005 (November 23, 1994), 59 FR 61911. The Amex on November 16, 1994, submitted Amendment No. 1 (''Amendment No. 1'') to the proposal to allow the underwriter to link the value of the notes to either the JPMCI or JPMCIX, depending upon market conditions and investor interest at the time of the offering. Additionally, the Amendment provides that: only options approved accounts will be permitted to trade the notes; the notes will provide for a 75% guaranteed return of principal; the index value will be calculated at least once a day; the Amex has executed the necessary surveillance sharing agreements with the relevant commodities exchanges; and COINs will comply with the CFTC's hybrid instrument exemption (58 FR 5580 (Jan. 22, 1993)). *See* Letter from Benjamin Krause, Amex, to Michael Walinskas, Derivative Products Regulation, SEC, dated November 16, 1994.

[4] The commodities underlying the Indexes and their approximate weighting are: aluminum (9%), copper (8%), nickel (2%), zinc (3%), heating oil (10%), natural gas (7%), unleaded gas (5%), WTI Light Sweet Crude (33%), gold (15%), silver (5%) and platinum (3%).

[5] *See* Amendment No. 1, *supra* note 3.

dollar weighting scheme. Amex represents that J.P. Morgan desires the flexibility to determine at the time of offering, based upon investor demand and market conditions, which if the Indexes it will utilize for valuing COINs.

COINs will conform to the Amex's listing guidelines under Section 107, which provide that such issues have: (1) A public distribution of one million trading units; (2) 400 holders; and (3) a market value of not less than $20 million. The Exchange also will require that the issuer have a minimum tangible net worth of $150 million. In addition, the Exchange will require that the total original issue price of the notes (when combined with all of the issuer's commodity linked notes which are listed on a national securities exchange or traded through the facilities of NASDAQ), shall not be greater than 25% of the issuer's tangible net worth at the time of issuance.

COINs are non-interest bearing notes with a term of one to three years and, upon maturity, holders will receive at least 75% of the original issue price plus an amount in U.S. dollars equal to a participation rate (*i.e.*, a specified percentage) multiplied by any positive difference between the level of the appropriate index at the time of the offering and the average of the closing index level on the five business days preceding maturity. COINs may not be redeemed prior to maturity, and holders of the notes have no claim to the physical commodities or futures contracts underlying the linked index.

B. Index Design and Calculation

The JPMCIX and JPMCI are designed to replicate a trading strategy that measures both ''price'' return and ''roll'' return from an investment in certain commodities. Price return is the component of return that arises from changes in commodity futures prices. Roll return is the component of return that arises from the hypothetical rolling of a long futures position through time in a sloping forward price curve environment. When nearby dated futures contracts are more expensive than longer dated contracts, roll return is positive. When the reverse applies, roll return is negative.

The relative weights of the Index components will be rebalanced at the end of trading on the fourth business day of every month to maintain the appropriate dollar weighting. In addition, due to the periodic expiration of the futures contracts used to compute the Index value, Amex states that it is necessary to ''roll'' out of expiring contracts and into the new nearby contracts. To minimize possible pricing volatility arising from conducting the ''roll'' on a single business day, the substitution of the new contract for the old is accomplished with 20% of the roll volume transacted on each of the five subsequent business days after the rebalance date. The futures contract to be used for the monthly hypothetical rebalancing and rolling of each commodity will be the nearest designated future contracts [6] to be used in the appropriate Index, with a termination of trading date not earlier than ten business days into the following month.[7]

In addition to price return and roll return, the JPMCI is comprised of ''collateral return,'' which, according to the Amex, represents the risk free component of commodity returns afforded by full collateralization of the notional value of futures positions with Treasury bills. Essentially, it measures the return that an investor would receive if the investor were to margin fully a futures position (*i.e.*, post 100% margin) with Treasury bills. Amex represents that according to J.P. Morgan, because stocks and bonds are collateralized investments, it is useful to treat commodities on the same basis in order to compare risk-return performance, even though some investors may choose not to fully collaterlize commodity investments. Accordingly, J.P./ Morgan believes that collateralization permits meaningful comparison with traditional assets in a portfolio allocation framework.[8]

Prices utilized in the Indexes will be based on New York Mercantile Exchange (''NYMEX'') prices for platinum and energy related commodities; Commodity Exchange (''Comex'') prices for other precious metals (Comex is wholly-owned subsidiary of NYMEX); and London Metal Exchange (''LME'') prices for base metals. These prices are widely reported by vendors of financial information and the press. Index values will be comprised of readily ascertainable and verifiable futures contract settlement and closing prices and will be calculated once each trading day by J.P. Morgan (or an affiliate) and disseminated after 4:00 p.m. (New York time) to vendors of financial information by the issuer, J.P. Morgan.[9]

The design, composition and calculation of both Indexes are expected to remain unchanged during the term of the COINs instruments; however, market developments may necessitate changes to these aspects of the product.[10] Such decisions will be determined on the basis of a ''neutral'' business committee, the JPMCI Policy Committee. This committee is composed of senior employees in the commodities and research areas of J.P. Morgan as well as independent industry and academic experts. Commodity Group personnel of J.P. Morgan are restricted to an advisory, non-voting membership on the JPMCI Policy Committee. J.P. Morgan will immediately notify the Exchange and vendors of financial information that report the Index values in the event that there is change in the relative weightings, calculation methodology or composition of the COINs Index.[11]

Members of the NPMCI Policy Committee and employees of the calculation agent who are involved in the calculation of, or data collection for, any of the commodity interests underlying COINs or the aggregate value of the commodity index underlying COINs will be expressly prohibited from trading COINs. Additionally, the calculation agent will adopt and maintain such reasonable and appropriate procedures as to ensure that the calculation agent, its agents, affiliates and employees, do not take advantage of or communicate to any other person any knowledge concerning changes in the value of the Indexes, or any commodity interest underlying the Indexes before such information is made publicly available.

C. Surveillance Sharing Agreements

The Amex represents that it is able to obtain market surveillance information, including customer identity information, with respect to transactions

[6] The designated futures contracts for each commodity are specified in the Letter from Benjamin Krause, Capital Markets Group, Amex, to Stephen M. Youhn, Derivative Products Regulation, SEC, dated Oct. 4, 1994.

[7] For energy and base metals, the new and old contracts will be different. For precious metals, the new and old contracts may be the same contract because of the absence of a designated contract for every month. In this instance, rebalancing and rolling will only involve an adjustment of the amount held of the old contracts.

[8] The return based upon the Treasury bill rate is calculated using a 13 week T-bill yield, compounded daily at the decompounded discount rate of the most recent weekly U.S. Treasury bill auction as found in the H.15 (519) report published by the Board of Governors of the Federal Reserve System, on the full (100%) value of the index. Interest accrues on an actual day basis over weekends and holidays at the previous day's rate. *See* Amendment No. 1, *supra* note 3.

[9] *See* Letter from William Floyd-Jones, Amex, to Stephen M. Youhn, SEC, dated December 16, 1994 (''December 16 Letter'').

[10] Such developments could include, among other things, changing liquidity conditions or the discontinuation of existing contracts, the emergence of new contracts on relevant commodities, or major progress in substitution technology that renders obsolete industrial processes that make use of a certain commodity.

[11] *See infra* note 17.

occurring on the NYMEX and Comex pursuant to its information sharing agreement with NYMEX.[12] The Exchange also represents that it is able to obtain market surveillance information, including customer identity information, with respect to transactions occurring on LME under information sharing arrangements with the Securities and Futures Authority (''SFA'') through the Intermarket Surveillance Group (''ISG'').[13]

D. Sales Practice and Trading Rules

The Exchange will require that only accounts approved for options trading under Amex Rule 921 shall be permitted to engage in the purchase and/or sale of COINs. In addition, the Amex will require that recommendations in COINs transactions be subject to the heightened suitability standards set forth in Amex Rule 923.[14] Additionally, the Exchange will distribute a circular to its membership prior to the commencement of trading in COINs to provide guidance with regard to member firm compliance responsibilities (including suitability recommendations) when handling transactions in COINs and highlighting the special risks and characteristics thereof. As with other hybrid debt instruments, COINs will be subject to the equity margin and trading rules of the Exchange.[15]

III. Commission Findings and Conclusions

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). In particular, the Commission believes that the availability of exchange-traded COINs will provide a new instrument for investors to achieve desired investment objectives (*e.g.*, inflation hedge and portfolio diversification) through the purchase of an exchange-traded securities product linked to an index of certain commodities.[16] For the reasons discussed below, the Commission has concluded that the Amex listing standards applicable to COINs are consistent with the Act.

COINs are a new version of hybrid securities debt instruments that are listed on various securities exchanges. These instruments involve publicly offered notes with interest return or a principal component linked to a particular asset or index of assets. For COINs, the interest return and part of the principal return will be derived and based upon the performance of either the JPMCI or JPMCIX, which, in turn, will be dependent upon the performance of the designated futures contracts related to the underlying physical commodities.[17] Although COINs provide investors with a 75% principal guarantee, as discussed below, the value of COINs will be affected partially by certain risks that are associated with the purchase and sale of exchange-traded futures contracts.

The Commission notes that the prices of commodities (and overlying futures contracts), including the eleven commodities utilized for the Indexes, may be subject to volatile price movements caused by numerous factors.[18] Accordingly, an investment in COINs may also be subject to volatile price movements due to price changes in the underlying commodities comprising the Index. In addition, COINs have many complex features, such as the incorporation of hypothetical roll return and collateral return. The Amex has proposed special suitability, disclosure, and compliance requirements to address the complex and risky nature of COINs. First, only accounts approved for options trading pursuant to Amex Rule 921 may engage in transactions in COINs. As a result, only those investors who have expressed an interest in options trading and are deemed qualified by a member to engage in options trading will be permitted to purchase COINs. This is important given the embedded derivative component of COINs. Second, the Amex will require that members who make recommendations in COINs must comply with the heightened suitability standards set forth in Amex Rule 923.[19] Third, COINs provide for a principal return of at least 75% of their initial offering price. While this guaranteed return of principal is subject to the issuer's credit risk, *i.e.*, the ability of J.P. Morgan to meet its repayment obligations upon maturity, this guarantee helps to reduce the likelihood that investors could sustain a substantial loss of their COINs investment due to adverse commodity price movements. Fourth, because COINs are cash-settled, holders will not receive, nor be required to liquidate, the underlying physical commodities or overlying futures contracts. The Commission notes that this provision will effectively terminate a COINs investor's exposure to commodity market risk at the note's maturity. Finally, the Exchange plans to distribute a circular to its membership calling attention to the specific risks associated with COINs.[20] This will assist members in determining the customers eligible to trade COINs, formulating recommendations in COINs, and in monitoring customer and firm transactions in COINs.

The Commission also believes that several factors significantly minimize the potential for manipulation of the Indexes. First, as discussed above, the Indexes represent a diverse cross-

[12] *See* Letter from William Floyd-Jones, Amex, to Michael Walinskas, SEC, dated August 26, 1994.

[13] *Id.* The ISG was formed on July 14, 1983 to, among other things, coordinate more effectively surveillance and investigative information sharing arrangements in the stock and options markets. *See* Intermarket Surveillance Group Agreement, July 14, 1983. The most recent amendment to the ISG Agreement, which incorporates the original agreement and all amendments made thereafter, was signed by ISG members on January 29, 1990. *See* Second Amendment to the Intermarket Surveillance Group Agreement, January 29, 1990. the members of the ISG are the Amex; the Boston Stock Exchange, Inc.; the Chicago Board Options Exchange, Inc.; the Chicago Stock Exchange, Inc.; the National Association of Securities Dealers, Inc.; the New York Stock Exchange, Inc.; the Pacific Stock Exchange, Inc.; and the Philadelphia Stock Exchange, Inc. The SFA is an affiliate member of ISG.

[14] Letter from William Floyd-Jones, Amex, to Stephen M. Youhn, SEC, dated November 17, 1994.

[15] *See* Letter from James McNeil, Chief Examiner, Financial Regulatory Services Department, Amex, to Sharon Lawson, Assistant Director, SEC, dated August 24, 1994, for more specific details concerning the margin treatment for COINs.

[16] Pursuant to Section 6(b)(5) of the Act the Commission must predicate approval of exchange trading for new products upon a finding that the introduction of the product is in the public interest. Such a finding would be difficult with respect to a product that served no investment, hedging or other economic function, because any benefits that might be derived by market participants would likely be outweighed by the potential for manipulation, diminished public confidence in the integrity of the markets, and other valid regulatory concerns.

[17] In this respect, the Commission notes that Amex will promptly notify the Commission if there are significant changes in the weighings and composition or calculation methodology of the Indexes. Moreover, any proposed material changes to such features might require a separate rule filing pursuant to Rule 19b–4. Furthermore, a rule filing would be required in order to list any other derivative product based upon either of the Indexes or any other index comprised of commodity interests. Finally, a proposed issuer would have to ensure that its product complied with applicable CFTC exemptions or statutory interpretations regarding hybrid products before listing any such product. *See supra* note 3.

[18] Such factors include, but are not limited to, international economic, social and political conditions and levels of supply and demand for the individual commodities.

[19] Amex Rule 923 requires, among other things, that members have reasonable grounds for believing that a recommended transaction is not unsuitable on the basis of information furnished by the customer.

[20] The COINs circular will be submitted to the Commission for its review and should include, among other things, a discussion of those risks which may cause commodities to experience volatile price movements in addition to details on the composition of the Indexes and how the rates of return will be computed.

section of exchange-traded industrial commodities. Second, each of the futures contracts overlying the commodities is relatively actively traded, and has considerable open interest. Third, the majority of futures contracts overlying the component commodities trade on exchanges that impose position limits on speculative trading activity, which are designed, and serve, to minimize potential manipulation and other market impact concerns. Fourth, as discussed below, the Amex has entered into certain surveillance sharing agreements with each of the futures exchanges upon which the underlying designated futures contracts trade. These agreements should help to ensure the availability of information necessary to detect and deter potential manipulations and other trading abuses, thereby making COINs less readily susceptible to manipulation.[21] Fifth, the price of COINs will be comprised of readily ascertainable and verifiable futures contract settlement and closing prices and disseminated once each trading day after 4 p.m. (New York time) to vendors of electronic financial information and on the Amex tape.[22] Sixth, adequate procedures are in place to prevent the misuse of information by members of the JPMCI Policy Committee.[23] Accordingly, for the reasons discussed above, the Commission believes the Indexes are not readily susceptible to manipulation and that in any event, the surveillance procedures in place are sufficient to detect as well as deter potential manipulation.

The Commission notes that COINs, unlike standardized options, do not contain a clearinghouse guarantee but are instead dependent upon the individual credit of the issuer, J.P. Morgan. This heightens the possibility that a purchaser of COINs may not be able to receive full principal cash payment upon maturity. To some extent this credit risk is minimized by the Exchange's listing guidelines requiring COINs issuers to possess at least $100,000,000 in assets and stockholders' equity of at least $10 million. In any event, financial information regarding J.P. Morgan will be disclosed or incorporated in the prospectus accompanying the offering of COINs.

Finally, the Commission notes that the approval granted herein is limited to the issuance of COINs whose value is derived from the JPMCI or JPMCIX, as described in this Order. Accordingly, the use of either of the Indexes as an underlying value for any other derivative product, irrespective of the issuer, raises additional legal and/or regulatory issues which would necessitate a rule filing pursuant to Rule 19b–4.

Based on the above, the Commission finds that the proposal to trade COINs is consistent with the Act, and, in particular, the requirements of Section 6(b)(5).

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[24] that the proposed rule change is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[25]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–7447 Filed 3–24–95; 8:45 am]

BILLING CODE 8010–01–M

[21] The Amex has comprehensive surveillance sharing agreements with all of the exchanges upon which the futures contracts overlying COINs trade and is able to obtain market surveillance information, including customer identity information, for transactions occurring on NYMEX and Comex. Furthermore, under the ISG information sharing agreement, SFA will be able to provide, on request, surveillance information with respect to trades effected on the LME, including client identity information. Finally, if the composition of the applicable COINs Index changes or if a different market is utilized for purposes of calculating the value of the designated futures contracts, the Amex will ensure that it has entered into a surveillance sharing agreement with respect to the new relevant market.

[22] *See* December 16 Letter.

[23] As discussed above, members of the JPMCI Policy Committee are expressly prohibited from trading COINs and from communicating any knowledge concerning changes in the value of the Indexes to any other person. Amex will also have surveillance procedures in place to periodically review activity in the notes and/or underlying Index components.

[24] 15 U.S.C. 78s(b)(2) (1982).

[25] 17 CFR § 200.30–3(a)(12) (1994).

[Release No. 34–35520; International Series Release No. 793, File No. SR–Phlx–95–02]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 to the Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Additional Expirations for the Cash/Spot German Mark Foreign Currency Options (''3D Options'')

March 21, 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 25, 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. On February 24, 1995, the Exchange filed Amendment No. 1 to the proposed rule change.[1] The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, 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 amend Exchange Rule 1012(a)(ii) to permit listing German mark cash/spot foreign currency options (''FCOs''), commonly referred to as ''3D Options,'' [2] with series having up to 12 months to expiration. 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 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

On March 8, 1994, the Commission approved the listing and trading of 3D Options.[3] These FCOs are issued by The Options Clearing Corporation and are European-style.[4] The options have one-week and two-week expirations to provide a hedging vehicle for: sophisticated retail customers, portfolio managers, and multi-national corporations which need to hedge their

[1] In Amendment No. 1, the Exchange proposed to: (1) Amend the procedure for the symbols that will be used for the proposed longer term 3D Options; (2) change the name of these options in Phlx's rules from ''cash/spot'' to ''3D'' FCOs; (3) specify the strike price intervals applicable to the longer-term 3D Options; and (4) clarify that the proposal to permit spread margin treatment between the 3D Options and the regular Deutsche mark FCO will be applicable to the weekly, consecutive month, and cycle month series 3D Options. *See* Letter from Michele Weisbaum, Associate General Counsel, Phlx, to Brad Ritter, Senior Counsel, Office of Market Supervision, Division of Market Regulation, Commission, dated February 24, 1995 (''Amendment No. 1'').

[2] ''3D'' refers to dollar denominated delivery.

[3] *See* Securities Exchange Act Release No. 33732 (March 8, 1994), 59 FR 12023 (March 15, 1994).

[4] A European-style option may only be exercised during a specified time period immediately prior to expiration of the option.