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[Docket No. A95-7; Order No. 1050]

Toronto, Iowa 52343-0066; (Deb Bartels, et al., Petitioners); Notice and Order Accepting Appeal and Establishing Procedural Schedule Under 39 U.S.C. § 404(b)(5)

Issued: March 29, 1995.

Docket Number: A95-7

Name of Affected Post Office: Toronto, Iowa 52343-0066

Name(s) of Petitioner(s): Deb Bartels, et al.

Type of Determination: Closing

Date of Filing of Appeal Papers: March 24, 1995

Categories of Issues Apparently Raised:

1. Effect on postal services [39 U.S.C. § 404(b)(2)(C)].
2. Effect on the community [39 U.S.C. § 404(b)(2)(A)].

After the Postal Service files the administrative record and the Commission reviews it, the Commission may find that there are more legal issues than those set forth above. Or, the Commission may find that the Postal Service's determination disposes of one or more of those issues.

The Postal Reorganization Act requires that the Commission issue its decision within 120 days from the date this appeal was filed (39 U.S.C. § 404(b)(5)). In the interest of expedition, in light of the 120-day decision schedule, the Commission may request the Postal Service to submit memoranda of law on any appropriate issue. If requested, such memoranda will be due 20 days from the issuance of the request and the Postal Service shall serve a copy of its memoranda on the petitioners. The Postal Service may incorporate by reference in its briefs or motions, any arguments presented in memoranda it previously filed in this docket. If necessary, the Commission also may ask petitioners or the Postal Service for more information.

The Commission Orders

(a) The Postal Service shall file the record in this appeal by April 10, 1995.

(b) The Secretary of the Postal Rate Commission shall publish this Notice and Order and Procedural Schedule in the **Federal Register**.

By the Commission.

Margaret P. Crenshaw,
Secretary.

March 24, 1995—Filing of Appeal letter
March 29, 1995—Commission Notice and Order of Filing of Appeal

April 18, 1995—Last day of filing of petitions to intervene [see 39 C.F.R. § 3001.111(b)]
April 28, 1995—Petitioners' Participant Statements or Initial Brief [see 39 C.F.R. § 3001.115(a) and (b)]
May 18, 1995—Postal Service's Answering Brief [see 39 C.F.R. § 3001.115(c)]
June 2, 1995—Petitioners' Reply Brief should Petitioners choose to file one [see 39 C.F.R. § 3001.115(d)]
June 9, 1995—Deadline for motions by any party requesting oral argument. The Commission will schedule oral argument only when it is a necessary addition to the written filings [see 39 C.F.R. § 3001.116]
July 22, 1995—Expiration of the Commission's 120-day decisional schedule [see 39 U.S.C. § 404(b)(5)]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-35537; File No. SR-Amex-95-02]

Self-Regulatory Organizations; American Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to Minimum Fractional Changes

March 27, 1995.

On January 31, 1995, the American Stock Exchange, Inc. ("Amex" 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 increase from \$5 to \$10 the price level below which equity securities are traded in sixteenths.

The proposed rule change was published for comment in Securities Exchange Act Release No. 35338 (February 7, 1995), 60 FR 8432 (February 14, 1995). No comments were received on the proposal.

The rule change amends Amex Rule 127 to allow the minimum fractional changes in sixteenths (\$.0625) for all securities priced between \$.25 and \$10. Amex Rule 127 will continue to provide that the minimum fractional change for dealings in securities priced below \$.25 will be in thirtyseconds (\$.03125), and for securities priced above \$10 the minimum fractional change will continue to be in eighths (\$.125).³

¹ 15 U.S.C. 78s(b)(1) (1988).

² 17 CFR 240.19b-4 (1994).

³ In 1992, the Commission approved amendments to Amex Rule 127 to provide that securities selling between \$.25 and \$.50 could be traded in sixteenths. See Securities Exchange Act Release No. 31118 (August 28, 1992), 57 FR 40484 (September 3, 1992).

At the time of publication of the Commission release noticing this proposal, the Intermarket Trading System ("ITS") was not equipped to accommodate trading in sixteenths for stocks priced above \$5. However, at the February 1995 meeting of the ITS Operating Committee, the ITS participants approved enhancements to ITS to permit trading in sixteenths for Tape B securities⁴ priced under \$10. The Amex represents that these system modifications have been made and that the system now is able to accommodate trading all Amex securities priced below \$10 in sixteenths.⁵

The Commission finds that the proposed rule change to increase from \$5 to \$10 the price level below which equity securities are traded in sixteenths 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 Sections 6(b) and 11A.⁶ 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 prevent fraudulent and manipulative acts, and, in general, to protect investors and the public interest. Additionally, the Commission believes that the proposal is consistent with Section 11A, which requires the Commission to facilitate the establishment of a national market system. Pursuant to Section 11A, a national market system should assure, among other things, fair competition between the exchanges, economically efficient execution of securities transactions and the practicability of brokers executing investors' orders in the best market.

The Commission believes that market quality should be enhanced by applying a minimum fractional change of $\frac{1}{16}$, rather than $\frac{1}{8}$, to securities selling below \$10. The Commission believes that decreasing such trading variations should help to produce more accurate pricing of such securities and can result in tighter quotations. In addition, if the quoted markets are improved by the

⁴ The Consolidated Tape, operated by the Consolidated Tape Association ("CTA"), compiles last sale reports in certain listed securities from all exchanges and market makers trading such securities and disseminates these reports to vendors on a consolidated basis. Amex-listed stocks and qualifying regional-listed stocks are reported on CTA Tape B.

⁵ The Amex will verify that the other ITS participants have completed any necessary system modifications before trading securities priced between \$5 and \$10 in sixteenths. See letter from Arne G. Michelson, Amex, to ITS Operating Committee, dated March 7, 1995.

⁶ 15 U.S.C. 78f(b) and 78k-1 (1988).