

and 30.51(a) currently require that initial margin deposits be made within seven full business days after the date on which a transaction giving rise to a margin requirement is effected. Rule 21.25(a) also requires that all long options must be paid in full within seven business days after the purchase date. Rule 21.25(e) provides that no margin is required in respect of government security options carried in a short position if the customer provides a custodial or Treasury security escrow receipt or letter of guarantee within seven business days. Regulation T was recently amended to revise the time limit within which a customer margin call must be satisfied to "the number of business days in the standard settlement cycle in the United States * * * plus two business days."⁶ Accordingly, all the time frames discussed above will be shortened to five business days.

II. Discussion

The Commission believes the proposed rule change is consistent with Section 6 of the Act and, therefore, is approving the proposal. Specifically, the Commission believes the proposal is consistent with Section 6(b)(5)⁷ of the Act which requires that the rules of an exchange be designed to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

Currently, the rules of CBOE and other self-regulatory organizations control the time frame for settlement of securities transactions. On June 7, 1995, the new settlement cycle of T+3 will be established, as mandated by the Commission's Rule 15c6-1. As a result, CBOE's current rules establishing a T+5 settlement cycle will be inconsistent with Commission rules. This proposal will amend CBOE's rules to harmonize them with a T+3 settlement cycle.

The Commission believes that the benefits of a three day settlement cycle, as outlined in the release adopting Rule 15c6-1, apply equally to CBOE's proposed rule change.⁸ With a T+3 settlement cycle, fewer unsettled trades will be subject to credit and market risk, and there will be less time between trade execution and settlement for the

value of those trades to deteriorate.⁹ By reducing risk to the system, the proposed rule change furthers protection of investors and the public interest. CBOE's rules will assist the transition to a T+3 cycle by providing guidelines for related matters such as ex-dates. Thus, the proposed rule change is consistent with fostering cooperation and coordination with persons engaged in regulating, clearing, and settling transactions in securities and of perfecting the mechanism of a free and open market.

III. Conclusion

For the reasons stated above, the Commission finds that the proposed rule change is consistent with Section 6 of the Act.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-CBOE-94-40) be and hereby is approved, effective June 7, 1995.

For the Commission by the Division of Market Regulation pursuant to delegated authority.¹⁰

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-8665 Filed 4-7-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-35551; File No. SR-PSE-95-08]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Pacific Stock Exchange, Inc., Relating to Its Rules on Short Interest Reporting

March 30, 1995.

Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on February 22, 1995, the Pacific Stock Exchange, Inc. ("PSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to

⁹The adopting release stated, "the value of securities positions can change suddenly causing a market participant to default on unsettled positions. Because the markets are interwoven through common members, default at one clearing corporation or by a major market participant or end-user could trigger additional failures, resulting in risk to the national clearance and settlement system." *Id.*

¹⁰ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s (b)(1)(1988).

² 17 CFR 240.19b-4 (1994).

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 Exchange is proposing to make a technical amendment to its rules on short interest reporting to allow members and member organizations for which the Exchange is the designated examining authority ("DEA") to report their "short" positions to self-regulatory organizations other than the Exchange. The text of the proposed rule change is as follows, wherein additions are *italicized*:

Rule 2.6(f)—No change.

Commentary

.01 No Change.

.02 *Members and member organizations for which the Exchange is the DEA need not report "short" positions to the Exchange as provided in Commentary .01 if such member or member organization has made arrangements, satisfactory to the Exchange, to report such positions to another self-regulatory organization.*

The Exchange requests the Commission to find good cause, pursuant to Section 19(b)(2) of the Act, for approving the proposed rule change prior to the thirtieth day after publication in the **Federal Register**.

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 self-regulatory organization 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 III below. The self-regulatory organization 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

1. Purpose

On January 27, 1995, the Commission approved a rule change proposal of the Exchange that requires members and member organizations for which the Exchange is the DEA to report certain "short" positions to the Exchange.³ The Exchange is proposing an amendment to

³ See Exchange Act Release No. 35287 (January 27, 1995), 60 FR 6743 (February 3, 1995).

⁶ See Federal Reserve System Release, Docket No. R-0840 (October 18, 1994), 59 FR 53565.

⁷ 15 U.S.C. 78f(b)(5) (1988).

⁸ See *supra* note 7.

that rule change to allow such members and member organizations to report their "short" positions to self-regulatory organizations other than the Exchange.

Specifically, the Exchange is proposing to add a new Commentary .02 to Rule 2.6(f) to provide that members and member organizations for which the Exchange is the DEA need not report short positions to the Exchange as provided in Rule 2.6(f), Commentary .01, if such member or member organization has made arrangements, satisfactory to the Exchange, to report such positions to another self-regulatory organization.

2. Statutory Basis

The Exchange believes the proposal is consistent with Section 6(b) of the Act, in general, and Section 6(b)(5), in particular, in that it is designed to protect investors and the public interest, to prevent fraudulent and manipulative acts and practices, and to promote just and equitable principles of trade.

B. Self-Regulatory Organization's Statement of Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments on the proposed rule change were neither solicited nor received.

III. 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 at the Commission's Public Reference Section, 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 the PSE. All submissions should refer to File No. SR-PSE-95-08 and should be submitted by May 1, 1995.

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

The Commission finds that the PSE's proposal to adopt an interpretation to its short interest position reporting rules permitting a member to report such positions to another self-regulatory organization, pursuant to an arrangement satisfactory to the Exchange, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange. Specifically, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act.⁴ Section 6(b)(5) requires, among other things, 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. Further, the Commission notes that the Exchange has represented that, as the Designated Examining Authority ("DEA"), the Exchange will review compliance with its short interest rules during each oversight examination. Such examinations are conducted on a regular basis pursuant to the Exchange's status as DEA. Finally, the Exchange's financial compliance office will modify its examination module to ensure that the examiner checks for compliance with the short interest reporting rules.⁵

The Commission believes that the PSE proposal to adopt Commentary .02 as outlined above furthers the objectives of Section 6(b)(5) of the Act in that it should facilitate the efficient reporting of short interest positions without imposing an undue burden upon broker-dealers.

The Commission finds good cause for approving the proposed rule change prior the thirtieth day after the date of publication of notice of filing thereof in the *Federal Register*. The Commission believes that accelerated approval of the proposal is appropriate in order to allow the PSE to ensure compliance with the short position reporting rules implemented as of March 1, 1995. Further, the new short position

⁴ 15 U.S.C. 78f(b)(5) (1988).

⁵ Conversation between David Semak & Michael Pierson, PSE, and Amy Bilbija, Commission, on March 24, 1995. The Exchange also indicated that, currently, there is only one member firm that will fall under the purview of the proposed amendment. The Exchange anticipates that only in rare occasions other members will need to make the arrangements provided for in the proposed rule change.

reporting procedure was noticed previously in the *Federal Register* for the full statutory period and the Commission did not receive any comments on it.⁶

It is therefore ordered, pursuant to Section 19(b)(2)⁷ that the proposed rule change is hereby approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁸

[FR Doc. 95-8666 Filed 4-7-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-35553; File No. SR-Amex-94-57]

Self-Regulatory Organizations; American Stock Exchange, Inc.; Order Approving Proposed Rule Change Relating to Implementation of a Three-Day Settlement Standard

March 31, 1995.

On December 23, 1994, the American Stock Exchange, Inc. ("Amex") filed a proposed rule change (File No. SR-Amex-94-57) with the Securities and Exchange Commission ("Commission") pursuant to Section 19(b) of the Securities Exchange Act of 1934 ("Act").¹ Notice of the proposal was published in the *Federal Register* on January 12, 1995, to solicit comments from interested persons.² The Commission received one written comment.³ As discussed below, this order approves the proposed rule change.

I. Description

In October 1993, the Commission adopted Rule 15c6-1 under the Act which will become effective June 7, 1995.⁴ The rule establishes three business days after the trade date ("T+3"), instead of five business days ("T+5"), as the standard settlement cycle for most securities transactions. Several of the Amex's rules are interrelated with the T+5 settlement time frame. The purpose of the proposed rule change is to amend Amex's rules consistent with a T+3

⁶ See Securities Exchange Act Release No. 35146 (December 23, 1994), 60 FR 518 (January 4, 1995).

⁷ 15 U.S.C. 78s(b)(2) (1988).

⁸ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. § 78s(b) (1988).

² Securities Exchange Act Release No. 35197 (January 6, 1995), 60 FR 3007.

³ Letter from P. Howard Edelstein, President Electronic Settlements Group, Thomson Trading Services, Inc., to Jonathan G. Katz, Secretary, Commission (January 30, 1995).

⁴ Securities Exchange Act Release Nos. 33023 (October 6, 1993), 58 FR 52891 (adopting Rule 15c6-1) and 34952 (November 9, 1994), 59 FR 59137 (changing the effective date from June 1, 1995, to June 7, 1995).