

proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with provisions of 5 U.S.C. 552, will be available for inspection and copying in 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 NYSE. All submissions should refer to File No. SR-NYSE-95-03 and should be submitted by May 4, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

Jonathan G. Katz,  
Secretary.

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[Release No. 34-35574; File No. SR-PTC-95-02]

**Self-Regulatory Organizations; Participants Trust Company; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change Modifying PTC's Program for the Early Distribution of Principal and Interest on Government National Mortgage Association I Securities**

April 6, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on March 7, 1995, the Participants Trust Company ("PTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-PTC-95-02) as described in Items I and II below, which Items have been prepared primarily by PTC. The Commission is publishing this notice and order to solicit comments on the proposed rule change from interested persons and to grant accelerated approval of the proposed rule change.

**I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change**

The proposed rule change modifies PTC's program for the early distribution of principal and interest ("P&I") on Government National Mortgage Association ("GNMA") I securities.

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

In its filing with the Commission, PTC 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. PTC 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**

**Background**

Before November 1993, PTC's rules and procedures provided that PTC disburse P&I by means of a credit to participants' cash balances. This resulted in participants receiving at the end of the day as part of the settlement process the amount of the P&I net of any account debits and/or credits. In November 1993, PTC's rules were amended to eliminate the requirement that P&I be disbursed by means of a credit to participants' cash balances and to permit PTC to make intraday Fedwire distributions of collected and available GNMA I P&I.<sup>2</sup>

PTC's present program for the early distribution of GNMA I P&I permits the distribution of up to fifty percent of collected and available P&I on GNMA I securities by intraday Fedwire transfer of funds on the distribution date, generally the sixteenth day of the month, with the balance distributed by credit to participant's cash balances payable at the end of the day settlement.<sup>3</sup> Participants are permitted to elect to receive the intraday distribution or they may choose to receive the entire distribution at the end of the day settlement.<sup>4</sup>

<sup>2</sup> PTC Rules, Article III, Rule 2, Section 1, "Principal and Interest Payments." For a complete description of PTC's amendments, refer to Securities Exchange Act Release Nos. 33132 (November 9, 1993), 58 FR 59501 [File No. SR-PTC-93-02] (order approving proposed rule change) and 33856 (April 12, 1994), 59 FR 59501 [File No. SR-PTC-93-05] (order approving proposed rule change).

<sup>3</sup> In November 1994, the intraday distribution program was extended to permit early distribution of one hundred percent of collected and available GNMA II P&I. Securities Exchange Act Release No. 34988 (November 18, 1994), 59 FR 61016 [File No. SR-PTC-94-05] (order approving proposed rule change).

<sup>4</sup> PTC disbursed a total of \$103.9 billion in GNMA I P&I payments to its participants in 1994, of which \$51.1 billion was distributed intraday. As of

Unlike the GNMA II program, there is no central paying agent for GNMA I securities and issuers make payment to PTC directly, sometimes by means of a check. Because of these inefficiencies in collecting and disbursing GNMA I P&I, PTC funds the total GNMA I P&I disbursement from several sources: (1) collected and available P&I payments that are timely received; (2) PTC's own funds; (3) the cash portion of the participants fund; and (4) borrowed funds secured by the P&I receivables or the securities portion of the participants fund.

**GNMA I P&I Proposal**

PTC proposes to increase the percentage of collected and available GNMA I P&I that may be distributed intraday, from the current maximum of fifty percent to a maximum of sixty-five percent of the total distribution, commencing with the April 1995 GNMA I distribution. PTC believes that based on PTC's experience with the GNMA I collection process, an amount in excess of sixty-five percent may reasonably be anticipated to be available by noon on the distribution date for disbursement intraday.<sup>5</sup> The balance would be distributed by means of a credit to the participants' credit balances payable at the end of the day settlement, as is currently the practice. In the event the amount of collected and available funds is insufficient to make the scheduled intraday distribution amount, whether it be the current fifty percent maximum or the proposed sixty-five percent maximum, the shortfall is allocated ratably among participants scheduled to receive intraday distribution according to the relative amounts of their scheduled distributions.

PTC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act<sup>6</sup> and the rules and regulations thereunder in that it facilitates the prompt and accurate clearance and settlement of securities transactions and provides for the safeguarding of securities and funds in PTC's custody or control or for which PTC is responsible.

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

PTC does not believe that the proposed rule change will impose any burden on competition not necessary or

February 1, 1995, fifty participants elected to receive the intraday distribution.

<sup>5</sup> During 1994, an average of 72.5% of funds to be distributed were available by 12 noon on the distribution date.

<sup>6</sup> 15 U.S.C. 78q-1(b)(3)(F) (1988).

<sup>8</sup> 17 CFR 200.30-3(a)(12) (1994).

<sup>1</sup> 15 U.S.C. 78s(b)(1) (1988).

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*

PTC has not solicited comments with respect to the proposed rule change, and none have been received.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

Section 17A(b)(3)(F) of the Act<sup>7</sup> requires that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions. The Commission believes that PTC's proposal to increase the percentage of collected and available GNMA I P&I that may be distributed to participants by intraday fedwire transfer should help promote prompt and accurate clearing and settlement. The proposal enables participants to have access to such funds earlier in the day, allowing them the use of the funds elsewhere, as needed, which increases liquidity in other markets.

PTC has requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of the filing. In order to assure that PTC can implement the proposal commencing with the April 1995 distribution, it is necessary that PTC receive the appropriate approval in advance of that date. The Commission, therefore, finds sufficient cause to accelerate approval of this proposal. In addition, the staff of the Board of Governors of the Federal Reserve System ("Board of Governors") agrees with the accelerated approval.<sup>8</sup>

**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 Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing also will be available for inspection and copying at the principal office of PTC. All submissions should refer to file number SR-PTC-95-02 and should be submitted by May 4, 1995.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-PTC-95-02) be and hereby is approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>9</sup>

Jonathan G. Katz,  
Secretary.

[FR Doc. 95-9076 Filed 4-12-95; 8:45 am]

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[Release No. 34-35579; File No. SR-CBOE-95-17]

**Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Incorporated Relating to its Retail Automatic Execution System for Transactions in SPX Options**

April 7, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 30, 1995, the Chicago Board Options Exchange, Incorporated ("CBOE" 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 Exchange. The Exchange subsequently filed Amendment No. 1 to the proposed rule change on April 3, 1995.<sup>3</sup> The

<sup>9</sup> 17 CFR 100.30-3(a)(12) (1994).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4 (1991).

<sup>3</sup> In Amendment No. 1, the CBOE states that the reference to Rule 24.17 in the original filing (see *infra* note 4 and accompanying text) was intended to be a reference to Rule 24.16, and amends the proposal accordingly. In addition, Amendment No. 1 defines the term "brief interval," as used to describe the allowable period during which RAES participants can leave the trading floor. See *infra* note 7 and accompanying text. See also Letter from Timothy Thompson, Attorney, CBOE, to John Ayanian, Attorney, Office of Market Supervision ("OMS"), Division of Market Regulation ("Division"), Commission, dated March 31, 1995. ("Amendment No. 1").

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 Exchange proposes to amend its rules respecting use of the CBOE's Retail Automatic Execution System ("RAES") for transactions in Standard & Poor's 500 Index ("SPX") options by individual members, joint account participants and nominees of member organizations having multiple nominees. The text of the proposed rule change is available at the Office of the Secretary, the Exchange, 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 Exchange included statements concerning the purpose of and basis for the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Section (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*

The purpose of the proposed rule change is to amend Rule 24.16 ("RAES Eligibility in SPX") in respect of use of RAES by individual members, joint account participants, and market-maker/nominees associated with member organizations. The amendments would incorporate into Rule 24.16, provisions respecting individual member use of RAES and provisions respecting joint account and member organization use of RAES (the "group account" provisions) presently contained in its rules respecting use of RAES for transactions in Standard & Poor's 100 Index ("OEX") options.<sup>4</sup> Currently, Rule 24.16 contains fewer provisions regulating individual members' eligibility to use RAES for SPX options than is the case under rule 24.17 for use of RAES for OEX options. Similarly, Rule 24.16 contains only one provision addressing RAES eligibility for member organizations having multiple market-maker/nominees, while Rule 24.17 contains numerous provisions respecting use of RAES by participants in both types of group

<sup>4</sup> See CBOE Rule 24.17 ("RAES Eligibility in OEX").

<sup>7</sup> 15 U.S.C. 78q-1(b)(3)(F) (1988).

<sup>8</sup> Telephone conversation between William R. Stanley, Board of Governors, and Ari Burstein, Division of Market Regulation, Commission (April 5, 1995).