change will amend Chapter XXVIII, subparagraph (4) to shorten by two days the time frames in which customers must provide their agent instructions for delivery versus payment and receipt versus payment instructions.

BSE has requested that the proposed rule change become effective on the same date as Rule 15c6–1. Rule 15c6–1 will become effective on June 7, 1995.[6]

II. Discussion

The Commission believes the proposal is consistent with the requirements of Section 6 of the Act.[7] Specifically, Section 6(b)(5) states that the rules of the exchange must be designed to foster cooperation and coordination with persons engaged in regulating, clearing, settling, and processing information. The BSE rules and other self-regulatory organizations' rules currently establish the standard time frame for settlement of securities transactions. The proposal will conform those rules to the new settlement time frames mandated by Rule 15c6–1.

The Commission also believes that the proposed rule change is consistent with Section 6(b)(5) of the Act in that it protects investors and the public interest by reducing risks to clearing corporations, their members, and public investors which are inherent in settling securities transactions. The reduction of the time period for settlement of most securities transactions will correspondingly decrease the number of unsettled trades in the clearance and settlement system at any given time. Thus, 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 of deteriorate.[8]

III. Conclusion

For the reasons stated above, the Commission finds that BSE's proposal is consistent with Section 6 of the Act.[9]

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[10] that the proposed rule change (File No. SR–BSE–95–05) be and hereby is approved and will become effective on June 7, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.[11]

Margaret H. McFarland,

Deputy Secretary.

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[6] The transition from five day settlement to three day settlement will occur over a four day period. Friday, June 2, will be the last trading day with five business day settlement. Monday, June 5, and Tuesday, June 6, will be trading days with four business day settlement. Wednesday, June 7, will be the first trading day with three business day settlement. As a result, trades from June 2 and June 5 will settle on Friday, June 9. Trades from June 6 and June 7 will settle on Monday, June 12.

[7] 15 U.S.C. 78f (1988).

[8] *See* Securities Exchange Act Release No. 33023 (October 6, 1993), 58 FR 52891.

[9] 15 U.S.C. 78f (1988).

[10] 15 U.S.C. 78s(b)(2) (1988).

[11] 17 CFR 200.30(a)(12) (1994).

[Release No. 34–35580; File No. SR–CSE–95–04]

Self-Regulatory Organizations; Cincinnati Stock Exchange, Inc.; Notice of Filing of Proposed Rule Change Relating to Implementation of a Three-Day Settlement Standard

April 7, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on April 4, 1995, the Cincinnati Stock Exchange Incorporated (''CSE'') filed with the Securities and Exchange Commission (''Commission'') a proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by CSE. 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

CSE proposes to modify its rules to implement a three business day settlement standard for securities transactions.

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

In its filing wit the Commission, CSE 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. CSE 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

On October 6, 1993, the Commission adopted Rule 15c6–1 under the Act which 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.[2] The rule will become effective June 7, 1995.[3]

Accordingly, in order to implement the new settlement standard established by Rule 15c6–1, the CSE proposes to amend the following rules. Currently, Rule 3.8(b)(1)(iii) provides that members receive reasonable assurance from the customer that a security will be delivered within five business days of the execution of the order. The CSE is proposing to replace the term ''five'' with the term ''three''. CSE also proposes to amend Rule 3.8(b)(2) which provides that members note on order tickets that the customer has the ability to deliver stock within five business days. The CSE is proposing to replace the term ''five'' with the term ''three''.

Rule 11.4 provides that transactions in stocks (other than those made for ''cash'') shall be ''ex-dividend'' or ''ex-rights'' on the fourth business day preceding the record date fixed by the company or the date of the closing of transfer books, except when the Board of Trustees of CSE otherwise. The CSE is proposing to replace the term ''fourth'' in this provision with the term ''second''. The rule also provides that should such record date or such closing of transfer books occur upon a day other than a business day this rule shall apply for the fifth preceding business day. The CSE is proposing to replace the term ''fifth'' with the term ''third''.

The CSE's implementation of this proposed rule change will be consistent with the ''T+3'' conversion schedule which the National Securities Clearing Corporation has proposed for industry use. The schedule is as follows:

Trade date	Settlement cycle	Settlement date
June 2 Friday	5 day	June 9 Friday.
June 5 Monday.	4 day	June 9 Friday.
June 6 Tuesday.	4 day	June 12 Monday.
June 7 Wednesday.	3 day	June 12 Monday.

If the Commission determines to alter the exemptions currently provided in Rule 15c6–1, CSE may need to undertake additional rule amendments. It is intended that the proposed rule change will become effective on the same date as Commission Rule 15c6–1.

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

[2] Securities Exchange Act Release No. 33023 (October 6, 1993), 58 FR 52891.

[3] Securities Exchange Act Release No. 34952 (November 9, 1994), 59 FR 59137.

The proposed rule change is consistent with Section 6(b)(5) of the Act in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, processing information with respect to, and facilitating transactions in securities.

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

CSE 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.

No written comments were either solicited or received.

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

Within thirty-five days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to ninety days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which CSE consents, the Commission will:

(A) By order approve such proposed rule change or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

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 CSE. All submissions should refer to File No. SR–CSE–95–04 and should be submitted by May 8, 1995.

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

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34–35589; File No. SR–NYSE–94–44]

Self-Regulatory Organizations; New York Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval to Amendment No. 1 to Proposed Rule Change Relating to Amendments to Market-at-the-Close Order Handling Requirements for Expiration and Non-Expiration Days

April 10, 1995.

I. Introduction

On December 5, 1994, the New York Stock Exchange, Inc. (''NYSE'' 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 amend its market-at-the close (''MOC'') order [3] handling requirements for expiration days and non-expiration days.

The proposed rule change was published for comment in Securities Exchange Act Release No. 35210 (January 10, 1995), 60 FR 3690 (January 18, 1995). On April 3, 1995, the Exchange submitted to the Commission Amendment No. 1 to the proposed rule change.[4] No comments were received on the proposal. This order approves the proposed rule change, including Amendment No. 1 on an accelerated basis.

II. Overview of Proposal

A. Background

The NYSE currently utilizes two sets of procedures for handling MOC orders, one for expirations days [5] and one for all other trading days. The Exchange's auxiliary closing procedures for expiration days have been approved on a pilot basis until October 31, 1995.[6] The pilot procedures establish a 3:40 p.m. deadline for (1) the entry of MOC orders related to a trading strategy involving an expiring index derivative product (*i.e.*, stock index options, stock index futures and options on stock index futures) and (2) the cancellation or reduction of any MOC order. Moreover, in the pilot stocks,[7] the specialist must, as soon as practicable after 3:40 p.m., disseminate any MOC order imbalance of 50,000 shares or more. Thereafter, MOC orders in the pilot stocks may be entered only to offset published imbalances; if there is no imbalance publication in a given pilot stock, no MOC orders may be entered in that stock.

The Exchange's closing procedures for non-expiration days have been approved on a permanent basis.[8] On those trading days, the specialist must, as soon as practicable after 3:45 p.m., disseminate any MOC order imbalance of 50,000 shares or more in (1) the pilot stocks and (2) any stock being added to or dropped from certain stock indexes (or, with Floor Official approval, from other stock indexes). A published imbalance (or the lack thereof) does not preclude the entry or cancellation of any MOC order on either side of the market.

B. Proposed Amendments

The Exchange proposes to amend its MOC order handling requirements for both expiration days and non-expiration days.[9] Under the NYSE proposal, on

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

[2] 17 CFR 240.19b–4 (1994).

[3] A MOC order is a market order to be executed in its entirety at the closing price on the Exchange. *See* NYSE Rule 13.

[4] Letter from Daniel Parker Odell, Assistant Secretary, NYSE, to Glen Barrentine, Senior Counsel, Division of Market Regulation, SEC, dated March 31, 1995. Amendment No. 1 is further described at note 10, *infra*.

[5] The term ''expiration days'' refers to both (1) the trading day, usually the third Friday of the month, when some stock index options, stock index futures and options on stock index futures expire or settle concurrently (''Expiration Fridays'') and (2) the trading day on which end of calendar quarter index options expire (''QIX Expiration Days'').

[6] *See* Securities and Exchange Act Release No. 34916 (October 31, 1994), 59 FR 55507 (November 7, 1994) (File No. SR–NYSE–94–32) (''1994 Pilot Approval Order'').

[7] The Expiration Friday pilot stocks consist of the 50 most highly capitalized Standard & Poors (''S&P'') 500 stocks and any component stocks of the Major Market Index (''MMI'') not included therein. The QIX Expiration Day pilot stocks consist of the 50 most highly capitalized S&P 500 stocks, any component stocks of the MMI not included therein and the 10 highest weighted S&P Midcap 400 stocks.

[8] *See* Securities Exchange Act Release No. 31291 (October 6, 1992), 57 FR 47149 (October 14, 1992) (File No. SR–NYSE–92–12).

[9] An Information Memo describing the amendments to the NYSE's auxiliary closing procedures will be issued before each expiration day. An Information Memo describing the amendments to the closing procedures for non-expiration days also will be issued upon approval of this proposal.