

revised F-8 prompt compliance requirement to matters involving equities, equity options, index options, and FCOs, and to extend the prompt compliance requirement to information requests made by the Exchange in connection with any regulatory inquiry, investigation, or examination in order to expedite the Exchange's investigations and to provide consistent treatment for all Exchange requests for information. In addition, the Commission believes that including Advice F-8 in the Exchange's minor rule plan will enable the PHLX to impose immediate sanctions for failures to respond to Exchange requests for information, thereby encouraging timely compliance with the provisions of Advice F-8.¹³ Moreover, the Commission believes that it is appropriate to include Advice F-8 in the Exchange's minor rule plan because failures to respond to Exchange requests for information are objective in nature and are easily verifiable, and thus lend themselves to the use of expedited proceedings.

The Commission believes it is reasonable for the PHLX to require members to provide information within two business days for Examinations Department requests, and within 10 business days for all other Exchange requests for information. In this regard, the Commission notes that Examinations Department requests will be made in connection with books and records which members must maintain on an ongoing basis and which should be readily available. In contrast, other information requests made by the Exchange may involve events which occurred in the past and for which information may not be readily available.¹⁴

The Commission believes that it is reasonable for the PHLX to amend Advice F-8 to reduce the fine for a first

violation of the Advice from \$500 to \$200, and to provide that each additional request for information not furnished within the allotted time period may be considered as a separate occurrence for purposes of the Advice's fine schedule. The Commission believes that this provision should help to deter delays in compliance with Exchange requests for information and result in appropriate discipline, which should further ensure the protection of investors and the public interest.

The Commission finds good cause for approving Amendment No. 1 to the proposed rule change prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register** in order to make the treatment of equities under Advice F-8 consistent with the treatment of equity options, index options, and FCOs. The Commission notes that the portion of the proposal applicable to equity options, index options, and FCOs was subject to the full notice and comment period and that no comments were received on that portion of the proposal. Since Amendment No. 1 makes the treatment of equities under Advice F-8 consistent with the treatment of options, Amendment No. 1 raises no new regulatory issues. Accordingly, the Commission believes it is consistent with Sections 6(b)(5) and 19(b)(2) of the Act to approve Amendment No. 1 on an accelerated basis.

Interested persons are invited to submit written data, views and arguments concerning Amendment No. 1 to the proposed rule change. 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. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to the file number in the caption above and should be submitted by May 31, 1995.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁵ that the proposed rule change (File No. SR-PHLX-94-61) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁶

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 95-11510 Filed 5-9-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-35678; International Series Release No. 809; File No. SR-Phlx-95-20]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to the Trading of Customized Foreign Currency Options on the Italian Lira

May 4, 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 April 5, 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. 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

The Phlx, pursuant to Rule 19b-4 of the Act, proposes to trade customized foreign currency options ("FCOs") on the Italian lira. 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.

¹³ Under the PHLX's minor rule plan, the Exchange may impose a fine not to exceed \$2,500 for violations of Advices in lieu of commencing a disciplinary proceeding. In any action taken under the minor rule plan, the PHLX must serve the person against whom a fine is imposed with a written statement setting forth (1) the Advice(s) alleged to have been violated; (2) the act or omission constituting each violation; (3) the fine imposed for each violation; and (4) the date by which the determination becomes final and the fine becomes due and payable to the Exchange, or when the determination must be contested. Any person against whom a fine is imposed pursuant to the minor rule plan may contest the Exchange's determination by filing an answer with the Exchange department taking the action, when the matter will be referred to the Exchange's BCC for their consideration.

¹⁴ For example, the Exchange's Market Surveillance Department may request information in connection with a particular trade or trades or a customer complaint about the handling of an order.

¹⁵ 15 U.S.C. 78s(b)(2) (1982).

¹⁶ 17 CFR 200.30-3(a)(12) (1994).

(A) Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

Currently the Phlx offers listed FCOs on the British pound, French franc, Swiss franc, Japanese yen, Canadian dollar, Australian dollar, German mark and European Currency Unit. Since November 1994, the Exchange has offered the ability to trade "customized" FCOs on all of these currencies.¹ The Exchange now proposes to add the Italian lira to the list of approved currencies on which customized FCOs may be listed and traded pursuant to Exchange Rule 1069. Thus, there would be no continuously quoted series of Italian lira contracts. Rule 1069(a)(1) provides that customized FCOs may be traded on any approved underlying foreign currency pursuant to Exchange Rule 1009, so the Exchange proposes to amend Rule 1009 to add the Italian lira to the list of approved underlying foreign currencies.

The Exchange represents that the Italian lira accounts for a significant portion of the inter-bank foreign exchange market turnover. According to the Bank for International Settlements ("BIS"), the Italian lira represents the ninth most active interbank currency traded against the U.S. dollar, accounting for 2.4% or more of inter-bank trading.² Moreover, over 87% of the activity in the lira is against either the U.S. dollar (58%) or the German Mark (29%).³ The Italian lira is not pegged to a rate of exchange *vis a vis* the U.S. dollar. Further, the United States has substantial trade relations with Italy.

The Exchange represents that the initial and maintenance customer margin levels for the Italian lira will initially be set at 4%, which would cover 98.58% of all seven day price movements over the last two years.⁴

¹ More specifically, customized FCOs provide investors with the ability, within specified limits, to trade FCOs with customized strike prices, cross-rate FCOs on any two approved currencies, and FCOs where the U.S. dollar is the underlying currency. In addition, FCO participants may express quotes for customized FCOs as a percentage of the underlying currency, in addition to quoting in terms of the base currency per unit of the underlying currency. See Securities Exchange Act Release No. 34925 (November 1, 1994), 59 FR 55720 (November 8, 1995) ("Exchange Act Release No. 34925").

² See BIS Central Bank of Foreign Exchange Market Activity in April 1992 (March 1993).

³ *Id.*

⁴ The Commission notes that the margin level review currently applicable to customized FCOs on the Exchange's existing approved foreign currencies will also apply to customized FCOs involving the Italian lira. See Exchange Act Release No. 34925, *supra* note. 1.

Pursuant to Rule 1069(a)(1)(B), users would be able to trade customized FCOs between the Italian lira and any other approved foreign currency. Currency pairs between the Italian lira and the Australian dollar and between the Italian lira and the Canadian dollar have exhibited a correlation or less than .25 over the preceding two year period and will be placed in Tier II under Exchange Rule 722, thereby requiring 6% margin.⁵ All other currency pairs involving the lira would be placed in Tier I (4% margin required) because their correlations have exceeded .25.⁶

The contract size for the Italian lira would be 50,000,000 lira.⁷ The premiums will be quoted in thousandths of a cent per unit for U.S. dollar/Italian lira contracts and the minimum premium would be \$0.(00000)01 per unit which equals \$5.00. Exchange Rule 1069(j)(1)(A) will be added to provide that, because the Exchange does not have continuously quoted FCOs on the Italian lira, there will be no quote spread parameters applicable to customized FCOs on the Italian lira.⁸

Consistent with the Phlx's other approved foreign currencies, Exchange Rule 1033 will be amended to specify the bid and offer rules for customized FCOs based on the Italian lira. Similarly, Rule 1034 will be amended to provide that the Exchange will determine the minimum fractional change applicable to Italian lira customized FCOs.⁹

The Exchange believes that the foregoing rule change proposal is consistent with Section 6 of the Act, in general, and with Section 6(b)(5), in particular, in that it is designed to promote just and equitable principles of trade, foster cooperation and

⁵ *Id.*

⁶ *Id.*

⁷ Based on an exchange rate of 1,709.4 Italian lira/U.S. dollars on April 5, 1995, as published in the Wall Street Journal, this would correspond to an opening position for an Italian lira customized FCO transaction (*i.e.*, 200 contracts) valued at approximately \$5,850,000.

⁸ Pursuant to Exchange Rule 1069(j)(1), quote spread parameters for customized strike FCOs on approved foreign currencies are twice those provided in Rule 1014(c). Because the Phlx does not list regular FCOs on the Italian lira (and will not be able to list regular FCOs on the lira pursuant to this proposal), no quote spread parameters for the lira are specified in Rule 1014(c).

⁹ Specifically, the Exchange is proposing a minimum fractional change of \$0.(00000)01 for Italian lira customized FCOs. Telephone conversation between Michele Weisbaum, Associate General Counsel, Phlx, and Brad Ritter, Senior Counsel, Office of Market Supervision, Division of Market Regulation, Commission, on May 4, 1995. The Commission notes that the Exchange may be required to submit a rule filing pursuant to Section 19(b) of the Act prior to altering this minimum fractional change level.

coordination with persons engaged in regulating, clearing, settling, and processing information, and facilitate transactions in securities, remove impediments to and perfect the mechanism of a free and open market and a national market system, as well as to protect investors and the public interest by offering investors the ability to trade options on a major international currency in an auction market environment with all of the attendant protections as an alternative to trading it in the over-the-counter market.

(B) Self-Regulatory Organization's Statement on Burden on Competition

The Phlx does not believe that the proposed rule change will impose any inappropriate burden on competition.

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

No written comments were solicited or received with respect to the proposed rule change.

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

Within 35 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 90 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 the self-regulatory organization 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. Copies of such filing will also be available for inspection and copying at the principal office of the Phlx. All submissions should refer to File No. SR-Phlx-95-20 and should be submitted by May 31, 1995.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-11511 Filed 5-9-95; 8:45 am]

BILLING CODE 8010-01-M

Requests Under Review by Office of Management and Budget

Agency Clearance Officer: Michael E. Bartell, (202) 942-8800

Upon written request copies available from: Securities and Exchange Commission, Office of Filings and Information Services, 450 Fifth Street, N.W., Washington, D.C. 20549

Extension:

Regulation 12B—File No. 270-70
Form 8-A—File No. 270-54

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1980 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (Commission) has submitted to the Office of Management and Budget requests for approval of extension on previously approved collections for the following:

Regulation 12B sets forth instructions and procedures to be followed by persons filing registration statements under Section 12 of the Exchange Act or reports under Section 13 or 15(d) of the Act. This regulation has been designated as imposing an administrative burden of one hour, because the actual regulatory burdens are established by the individual forms that refer to the items in the regulation.

Form 8-A elicits material information concerning securities to be registered on national securities exchange or other publicly-traded securities in order that investors may make informed and knowledgeable investment decisions. It is estimated that Form 8-A is filed by 1,940 respondents at an estimated 7.5 burden hours per response for a total annual burden of 14,550 hours.

Direct general comments to the Clearance Officer for the Securities and Exchange Commission at the address below. Direct any comments concerning the accuracy of the estimated average burden hours for compliance with the

Commission rules and forms to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549 and the Clearance Officer for the Securities and Exchange Commission, Office of Management and Budget, Project numbers 3235-0062 (Regulation 12B) and 3235-0056 (Form 8-A), Room 3208, New Executive Office Building, Washington, D.C. 20503.

Dated: May 1, 1995.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-11445 Filed 5-9-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-35667; File No. SR-CHX-95-06]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by The Chicago Stock Exchange, Incorporated Relating to Article V, Rule 3, Which Pertains to the Registration and Fingerprinting of Floor Employees, and the Imposition of an Initial Registration Fee on Clerks

May 3, 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 March 1, 1995, the Chicago Stock Exchange, Incorporated ("CHX" 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 self-regulatory organization ("SRO"). 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

The Exchange proposes to add interpretation and policies .10, .02 and .03 under Rule 3 of Article V of the Exchange's Rules and to add a new clerk's fee.

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 IV 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

Rule 3 of Article V of the Exchange's rules states that employees of members or member organizations may not be admitted to the Floor unless such employees are registered with and approved by the Exchange. The registration process currently requires completion of an application card and data sheet that call for disclosure of very limited information. Currently, only Floor employees that accept orders from the public and applicants for membership are required to submit a completed Uniform Application for Securities Industry Registration or Transfer ("Form U-4") to the Exchange.¹

Under the proposal, all Floor employees will be required to submit a Form U-4 in order to become registered. The Form U-4 requires detailed disclosure of background information, including information regarding employment and disciplinary history, and is the standard industry form submitted to SROs for individuals required to be registered (including securities salespersons and traders). The Form U-4 also requires this information to be updated whenever the information submitted becomes inaccurate or incomplete. The Exchange also has imposed a requirement that a member (or member organization) shall promptly give written notice of termination of a Floor employee to the Exchange on the Uniform Termination Notice for Securities Industry Registration (Form U-5)² and concurrently provide a copy

¹ Form U-4 is used by the various securities SROs as part of their registration and oversight of member organization personnel. Specifically, Form U-4 is the uniform form for licensing salespersons within the states and various SROs. An individual applying for registration must file Form U-4 with the Central Registration Depository ("CRD") operated by the National Association of Securities Dealers ("NASD"). Thereafter, the registered person is obligated to update this information as changes occur. The CRD is a computer data base containing current registration information as well as the regulatory and enforcement actions taken against securities industry personnel for access by the Commission, state regulators and certain SROs.

² Form U-5 contains information relating to the circumstances surrounding the termination of an applicant's prior employment, and must be completed and submitted to the NASD, and other SROs requiring such a submission under their

Continued

¹⁰ 17 CFR 200.30-3(a)(12) (1994).