

Nos. 1 and 2 are more restrictive than the original proposal, which was published for the full 21-day comment period without any comments being received by the Commission.<sup>21</sup>

Additionally, the Commission notes that Amendment Nos. 1 and 2 conform the Amex proposal, in most respects, to the CBOE proposal previously approved by the Commission.<sup>22</sup> Accordingly, the Commission believes it is consistent with Sections 6(b)(5) and 19(b)(2) of the Act to approve Amendment Nos. 1 and 2 to the proposed rule change on an accelerated basis.

#### Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning Amendment Nos. 1 and 2 to the proposed rule change. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 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, NW., Washington, DC. Copies of such filing will also be available for inspection and copying at the principal office of the Amex. All submissions should refer to File No. SR-Amex-94-51 and should be submitted by June 28, 1995.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>23</sup> that the proposed rule change (File No. SR-Amex-94-51), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>24</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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<sup>21</sup> The Commission believes the amended proposal is more restrictive in that it clarifies the obligations that Traders must satisfy in order to obtain market maker treatment for off-floor opening transactions and obligates the Exchange to initiate disciplinary proceedings against members who improperly accept market maker treatment for such transactions.

<sup>22</sup> See Exchange Act Release No. 34104, *supra* note 20.

<sup>23</sup> 15 U.S.C. 78s(b)(2) (1988).

<sup>24</sup> 17 CFR 200.30-3 (a)(12) (1994).

[Release No. 34-35784; File No. SR-Amex-95-18]

#### Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the American Stock Exchange, Inc. Relating to the Use of the Series 7A and 7B Examination Modules

May 31, 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 May 22, 1995, the American Stock Exchange, Inc. ("Amex" 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. 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 Amex is seeking approval to utilize the Series 7A examination administered by the New York Stock Exchange, Inc. ("NYSE") for members seeking to conduct a professional customer business from the Amex Floor. The Amex is also seeking approval to utilize the Series 7B examination for clerks of such members.

The text of the proposed rule change is available at the Amex and 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 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

Exchange Rule 50(a) requires every applicant for regular or options principal membership to pass a

qualifying examination prior to undertaking active duties on the Floor, and the Amex administers six such examinations.<sup>1</sup> The contents of these examinations and related materials were approved by the Commission, pursuant to Rule 19b-4 under the Act.<sup>2</sup> In addition, some members choose to take the Series 7 examination (administered by the National Association of Securities Dealers, Inc.), an industry-wide qualification examination for persons seeking registration as general securities representatives.

A new more specialized examination, the Series 7A (administered by the NYSE), is designed only to qualify an exchange Floor member to accept orders from professional customers for execution on an exchange trading floor.<sup>3</sup> The Exchange is now proposing to permit members who pass the Series 7A examination to accept orders from professional customers for execution on the Amex trading Floor.<sup>4</sup> Those members who anticipate receiving orders in listed options from such customers will also be required to pass the Listed Put and Call Options Questionnaire for Registered Personnel, which is administered by the Amex. The use of this examination was previously approved by the Commission.<sup>5</sup> Clerks of the Floor members would be required to pass the new Series 7B examination, which is administered by the NYSE.

It should be noted that the Commission has approved the content and use of both the Series 7A and 7B examinations.<sup>6</sup>

<sup>1</sup> The following examinations are administered by the Amex: the Qualification Examination for Regular Members, the Qualification Examination for Options Principal Members, the Put and Call Stock Option Exam, the Put and Call Option Questionnaire for Registered Personnel, the Specialist Exam and the Registered Equity Trader and Registered Equity Market Maker Exam.

<sup>2</sup> See Securities Exchange Act Release No. 35488 (Mar. 14, 1995) 60 FR 14986 (File No. SR-Amex-94-46).

<sup>3</sup> Professional customers are defined as a: bank, trust company, insurance company, investment trust, state or political subdivision thereof, charitable or nonprofit educational institution regulated under the laws of the United States, or any state, or pension or profit-sharing plan subject to ERISA or of any agency of the United States, or any state or a political subdivision thereof or any person (not including a natural person) who has, or has under management, net tangible assets of at least sixteen million dollars.

<sup>4</sup> Exchange Rule 50(c) provides that: The Exchange may require that a member pass additional examinations before undertaking particular types of activities.

<sup>5</sup> See Securities Exchange Act Release No. 35488 (Mar. 14, 1995) 60 FR 14986 (File No. SR-Amex-94-46).

<sup>6</sup> See Securities Exchange Act Release Nos. 32698 (July 29, 1993), 58 FR 41539 (File No. SR-NYSE-93-10); 34334 (July 8, 1994) 59 FR 35964 (File No. SR-NYSE-94-13).

## 2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act in general and furthers the objectives of Sections 6(b)(5) and 6(c)(3) in particular in that it is designed to examine the training, experience and competence of Amex members and persons associated with them, and to verify the qualifications of such persons with respect to Amex membership. In addition, the proposed rule change serves to protect investors and the public interest by helping to assure member competence.

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

The proposed rule change will impose no 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. 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 Exchange. All submissions should refer to File No. SR-Amex-95-18 and should be submitted by June 28, 1995.

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

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder pertaining to a national securities exchange. In particular, the Commission

believes that the proposed rule change is consistent with Sections 6(b)(5) and 6(c)(3)(B) of the Act.<sup>7</sup> 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 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. Section 6(c)(3)(B) provides that a national securities exchange may examine and verify the qualifications of an applicant to become a person associated with a member in accordance with procedures established by the rules of the exchange, and require any person associated with a member, or any class of such persons, to be registered with the exchange in accordance with procedures so established.

The Commission also believes that the proposed rule change is consistent with Section 15(b)(7) of the Act,<sup>8</sup> which stipulates that prior to effecting any transaction in, or inducing the purchase or sale of, any security, a registered broker or dealer must meet certain standards of operational capability, and that such broker or dealer and all natural persons associated with such broker or dealer must meet certain standards of training, experience, competence, and such other qualifications as the Commission finds necessary or appropriate in the public interest or for the protection of investors.

The Commission believes that the proposed requirement that members who accept orders from professional customers for execution on the Amex trading Floor pass the Series 7A examination is consistent with the Act. Moreover, the Commission believes that the proposed requirement that the clerks of such Floor members pass the new Series 7B examination also is consistent with the Act. These requirements should help to ensure that only those Floor members and Floor clerks with a comprehensive knowledge of Exchange rules and the Act are able to accept orders from professional customers for execution on the trading Floor.<sup>9</sup>

The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date

of publication of notice of filing thereof in the **Federal Register**. The Commission believes that accelerated approval is appropriate given the prior approval of the examinations and their use on the NYSE and because the accelerated approval will allow Amex to begin utilizing the examinations as soon as practicable.

It Is Therefore Ordered, pursuant to Section 19(b)(2) of the Act,<sup>10</sup> that the proposed rule change (SR-Amex-95-18) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>11</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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[Release No. 34-35785; File No. SR-CBOE-94-54]

## Self-Regulatory Organizations; Chicago Board Options Exchange, Inc.; Order Approving Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 1 to the Proposal Relating to Firm Quote Responsibilities

May 31, 1995.

On January 4, 1995, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to expand the applicability of CBOE Rule 8.51, its firm quote rule, to certain two-part equity option orders in an attempt to allow public customers to execute defined risk strategies, such as spreads and straddles, at the disseminated market quotes.

Notice of the proposed rule change was published for comment and appeared in the **Federal Register** on February 14, 1995.<sup>3</sup> No comments were received on the proposal. On May 24, 1995, the CBOE submitted Amendment No. 1 to the filing ("Amendment No. 1") in order to clarify certain non-substantive matters.<sup>4</sup> This order approves the proposal, as amended.

<sup>7</sup> 15 U.S.C. 78f(b)(5) and (c)(3)(B) (1988 & Supp. V 1993).

<sup>8</sup> 16 U.S.C. 78o(b)(7) (1988).

<sup>9</sup> The Exchange will continue to require the successful completion of the Series 7 examination for members and their Floor clerks seeking to become registered representatives dealing with other than professional customers. In addition, any person who has successfully completed the Series 7 Examination will not be required to complete the Series 7A and 7B Examinations.

<sup>10</sup> 15 U.S.C. § 78s(b)(2) (1988).

<sup>11</sup> 17 CFR 200.30-3(a)(12) (1994).

<sup>1</sup> 15 U.S.C. § 78s(b)(1) (1988 & Supp. V 1993).

<sup>2</sup> 17 CFR 240.19b-4 (1994).

<sup>3</sup> See Securities Exchange Act Release No. 35345, 60 FR 8433.

<sup>4</sup> See Letter from Michael L. Meyer, Schiff Hardin & Waite, to Michael A. Walinkas, Chief, Options Branch, SEC, dated May 24, 1995. Specifically,