

Form BD⁴ which does the same with respect to broker-dealer applicants.

Finally, the proposed rule change makes certain editorial changes to clarify the Membership Fee Circular without affecting its substance.

The CBOE represents that the proposed rule change is consistent with Section 6 of the Act, in general, and furthers the objectives of Section 6(b)(4) of the Act in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other changes among CBOE members.

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

The Exchange 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

Because the foregoing rule change establishes or changes a due, fee, or other charge imposed by the Exchange, it has become effective pursuant to Section 19(b)(3)(A) of the Act and subparagraph (e) of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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 will also be available for inspection and copying at the principal office of the CBOE. All submissions should refer to the File No. SR-CBOE-95-30 and should be submitted by July 13, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-35852; File No. SR-CHX-95-06]

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change To Add Interpretation and Policies .01, .02, and .03 Under Rule 3 of Article V of the Exchange's Rules and To Add a New Clerk's Fee

June 16, 1995.

On March 1, 1995 the Chicago Stock Exchange, Inc. ("CHX" 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 add interpretation and policies .01, .02 and .03 under Rule 3 of Article V of the Exchange's Rules and to add a new clerk's fee.

The proposed rule change was published for comment in Securities Exchange Act Release No. 35667 (May 3, 1995), 60 FR 24947 (May 10, 1995). No comments were received on the proposal.

First, the proposed rule change adopts interpretations under which *all* Floor employees will be required to submit a Uniform Application for Securities Industry Registration or Transfer ("Form U-4") in order to become registered.³ 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 Self Regulatory Organizations ("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.

Second, the Exchange also is imposing a requirement that a member (or member organization) 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)⁴ and concurrently provide a copy of such notice to the person who has been terminated.

Third, the proposal will require all Floor employees of members and member organizations and all Exchange members to be fingerprinted and to submit such fingerprints to the Exchange for identification, background checking, and appropriate processing.⁵

Finally, the proposal will impose an initial registration fee on clerks of \$50.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, with the requirements of Sections 6(b).⁶ In particular, the Commission believes the proposal is consistent with the Section 6(b)(5) requirements 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 believes that the proposal is consistent with Section 6(c)(2) of the Act⁷ in that it should assist the Exchange in fulfilling its regulatory responsibilities regarding the granting of membership by identifying those individuals who are subject to a statutory disqualification under Section 3(a)(39) of the Act.⁸ In

⁴ 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 respective rules, whenever a registered employee is terminated.

⁵ Fingerprinting currently is required for each partner, director, officer or employee of broker-dealers pursuant to Rule 17f-2 under the Act, with certain exceptions. Floor clerks are not required by Rule 17f-2 to submit fingerprints because they do not physically handle monies or securities. See 17 CFR 240.17f-2 (1994).

⁶ 15 U.S.C. 78f(b) (1988).

⁷ See 15 U.S.C. 78f(c) (1988).

⁸ The Exchange is required to make a determination in each case where an individual who is subject to a statutory disqualification (e.g., is suspended or barred by an SRO, or has been

Continued

¹ 17 CFR 249.501 (1992).

⁵ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1) (1988).

² 17 CFR 240.19b-4 (1994).

³ Currently, only Floor employees that accept orders from the public and applicants for membership are required to submit a Form U-4 to the Exchange.

addition, it should assist the Exchange in providing detailed information to the Commission under certain circumstances as required in Rule 19h-1.⁹ Moreover, the Commission believes that the additional fingerprinting requirements being imposed by the Exchange will further enhance security measures implemented by the CHX and is consistent with Section 17(f)(2) of the Act.¹⁰ Finally, the Commission finds that the clerk's fee is consistent with Section 6(b)(4) of the Act, which requires exchange rules to provide for the equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using its facilities.¹¹

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹² that the proposed rule change (SR-CHX-95-06) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹³

Margaret H. McFarland,
Deputy Secretary.

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[Release No. 34-35853; File No. SR-NSCC-95-05]

**Self-Regulatory Organizations;
National Securities Clearance
Corporation; Order Granting
Accelerated Approval of a Proposed
Rule Change Modifying Procedures
Relating to the Trade Comparison
Service for Debt Securities**

June 16, 1995.

On April 19, 1995, the National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-NSCC-95-05) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").¹ On April 27, 1995, NSCC filed an amendment to the proposed rule change requesting the Commission to consider the rule filing

convicted of any felony or certain enumerated misdemeanors) seeks admission to or continuance in membership, participation in, or association with a member or member organization. See 15 U.S.C. 78c(a)(39) (1988).

⁹ Specifically, the Rule requires SROs to notify the Commission whenever it determines to admit or continue in membership or participation or association with a member or member organization, any person who is subject to a statutory disqualification. See 17 CFR 240.19h-1 (1994).

¹⁰ See supra note 5.

¹¹ 15 U.S.C. 78f(b)(4) (1988).

¹² 15 U.S.C. 78s(b)(2) (1988).

¹³ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1) (1988).

pursuant to Section 19(b)(2)² of the Act rather than under Section 19(b)(3)(A)³ of the Act as originally filed.⁴ Notice of the proposal was published in the **Federal Register** on May 25, 1995.⁵ No comment letters were received. For the reasons discussed below, the Commission is granting accelerated approval of the proposed rule change.

I. Description of the Proposal

NSCC is modifying its procedures relating to the trade comparison service for debt securities. Specifically, NSCC is expanding the parameters for trade input and trade comparison for transactions in debt securities. The rule change will expand the comparison parameters for debt securities from \$.05 per \$1,000 of contract amount to a net \$10 difference per trade for trades of \$100,000 or less and to \$.10 per \$1,000 of contract amount for trades greater than \$100,000. NSCC will continue to advise participants of money differences for fixed income transactions on the morning of T+1 when contract prices are reported to transaction parties.

NSCC expects to implement the proposed rule change during the late part of the second quarter of 1995. Participants will be notified of the exact date of this change by an NSCC Important Notice.

II. Discussion

Section 17A(b)(3)(F)⁶ 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 NSCC's proposed rule change is consistent with the requirements of Section 17A(b)(3)(F) because expanding the comparison parameters for trades in debt securities should increase the initial trade date comparison rate for such transactions. Although NSCC has established comprehensive and effective procedures for the resolution of uncomparated trades,⁷ expanding the comparison parameters to increase the initial trade date comparison rate should result in a greater number of trades in debt securities being reported as compared earlier in the settlement cycle. Earlier comparison should provide greater certainty that those

² 15 U.S.C. 78s(b)(2) (1988).

³ 15 U.S.C. 78s(b)(3)(A) (1988).

⁴ Letter from John P. Barry, Associate Counsel, NSCC, to Peter Geraghty, Senior Counsel, Division of Market Regulations, Commission (April 24, 1995).

⁵ Securities Exchange Act Release No. 35733 (May 18, 1995), 60 FR 27800.

⁶ 15 U.S.C. 78q-1(b)(3)(F) (1988).

⁷ NSCC, Rules and Procedures, Procedure II.D.2. (June 7, 1995).

trades will settle on settlement date. Consequently, NSCC members should have to spend less time and resources on the supplemental activity required to resolve uncomparated trades.

Accordingly, the Commission believes that the proposed rule change should facilitate a faster and more effective comparison process and thereby should enhance the prompt and accurate clearance and settlement of securities transactions.

NSCC 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. The Commission finds good cause for so approving the proposed rule because it will permit NSCC to notify its members and to begin use of the proposed rule change within NSCC's implementation schedule. In addition, as of the end of the period for public comment, the Commission had not received any comment letters on NSCC's proposal.

III. Conclusion

For the reasons stated above, the Commission finds that the proposal is consistent with the requirements of Section 17A of the Act⁸ and the rules and regulations thereunder.

It is Therefore ordered, pursuant to Section 19(b)(2) of the Act,⁹ that the proposed rule change (File No. SR-NSCC-95-05) be, and hereby is, approved.

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

Margaret H. McFarland,
Deputy Secretary.

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[Release No. 34-35862; File No. SR-NASD-95-18]

**Self-Regulatory Organizations; Order
Approving Proposed Rule Change by
National Association of Securities
Dealers, Inc., Relating to Corporate
Financing Underwriting Terms and
Arrangements**

June 19, 1995.

On May 3, 1995, the National Association of Securities Dealers, Inc. ("NASD" or "Association") filed with the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule change pursuant to Section 19(b)(1) of the Securities

⁸ 15 U.S.C. § 78q-1 (1988).

⁹ 15 U.S.C. § 78s(b)(2) (1988).

¹⁰ 17 CFR 200.30-3(a)(12) (1994).