III below, which Items have been prepared by the self-regulatory organization. On June 28, 1995, the Exchange submitted to the Commission Amendment No. 1 to the proposed rule change.[1] 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 amend Rule 2 and Rule 8(b) of Article XXXVII of the Exchange's Rules. The proposed rule change will become operative 30 days after the date the proposed rule change is filed with the Commission. The text of the proposed rule change is as follows [new text is italicized; deleted text is bracketed]:

ARTICLE XXXVII CHICAGO MATCH

DEFINITIONS

Rule 2. (ad) The term ''Display Eligible Size'' shall mean 500 shares.

Rule 8(b) Display-Eligible Orders will be converted into Displayed Orders in the following manner. A Display-Eligible Order with the highest priority Liquidity Fee or Credit shall have first priority to become a Displayed Order. After the entry of any Displayed-Eligible Order or Chicago Match Market Maker Order, such Displayed-Eligible Order or Chicago Match Market Maker Order shall be aggregated with other Display-Eligible Orders (starting with orders that have the next highest priority Liquidity Fee or Credit) until such aggregation equals or exceeds the [Default Size] *Display-Eligible Size,* at which time, all such orders comprising the aggregation, plus any other Display-Eligible Order or Chicago Match Market Maker Order that has a Liquidity Fee or Liquidity Credit equal to the Displayed Liquidity Fee or Credit, shall become Displayed Orders. The Displayed Liquidity Fee or Credit shall be the lowest priority Liquidity Fee or Credit of all the Displayed Orders. The Displayed Size shall be the sum of the sizes associated with all Displayed Orders.

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

Currently, Rule 8 of Article XXXVII of the Exchange's Rules requires the aggregate size of orders that are eligible to be displayed in the Chicago Match to be greater than or equal to 10,000, 5,000 or 2,000 shares (depending on the security involved), before the Chicago Match will display those orders. One purpose of the proposed rule change is to lower this disclosure threshold to 500 shares on all issues so that more orders in the Chicago Match will be displayed. Although this filing lowers the disclosure threshold, it does not alter the Chicago Match Market Maker's existing obligations with respect to the number of shares the Chicago Match Market Maker is obligated to enter into the Chicago Match.

2. Statutory Basis

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 remove impediments and to perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

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

Because the foregoing proposed rule change: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition, and (3) does not become operative for 30 days from June 19, 1995, the date on which it was filed, and the Exchange provided the Commission with written notice of its intent to file the proposed rule change at least five days prior to the filing date, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b–4(e)(6) 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 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–CHX–95–14 and should be submitted by August 1, 1995.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 95–16925 Filed 7–10–95; 8:45 am]

BILLING CODE 8010–01–M

[Release No. 34–35924; File No. SR–NASD–95–22]

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Order Granting Accelerated Approval to Proposed Rule Change Relating to Extending the Continuing Education Requirement for Registered Persons to Government Securities Principals and Representatives

June 30, 1995.

I. Introduction

On May 11, 1995, the National Association of Securities Dealers, Inc.

[1] *See* letter from David Rusoff, Foley & Lardner, to Glen Barrentine, Senior Counsel, SEC, dated June 28, 1995. Amendment No. 1 withdraws the proposed changes to CHX Rule 6, Article XXXVII.

(''NASD'') submitted to the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder,[2] a proposal to amend Schedule C of the NASD By-Laws to include government securities principals and representatives in the continuing education requirement for registered persons.

The proposed rule change was published for comment in the **Federal Register** on June 9, 1995.[3] One comment letter was received on the proposed rule change,[4] to which the NASD responded.[5] This order approves the proposed rule change on an accelerated basis.

II. Description of the Proposal

The purpose of the NASD's proposal is to make an amendment to the definition of ''registered person'' contained in Section (1)(e) of Part XII of Schedule C of the NASD By-Laws, *Continuing Education Requirements.*[6] The effect of the proposed change will be to require government securities principals and representatives who are designated in Part XI of Schedule C of the NASD By-Laws to participate in the continuing education program.[7] Such persons, however, were inadvertently excluded from the definition of ''registered person'' contained in Section (1)(e) of Part XII of Schedule C of the NASD By-Laws and approved by the Commission on February 8, 1995.[8]

III. Comment Letter

The Comment Letter on the proposed rule change raises two concerns. First, the commenter states that given that government securities principals and representatives are not required currently to undergo professional qualification by examination or experience, such individuals should not be required to participate in the continuing education program. Second, the commenter believes that the aggregate training results reported to firms will be skewed by the performance of such individuals because they will not have prepared for a professional qualification examination, and thus may lack industry knowledge.

The NASD Response addresses both of the commenter's concerns. The NASD notes that the Government Securities Act Amendments of 1993 (''GSA Amendments'') removed from Section 15A of the Act the restrictions on the NASD's authority to regulate its members' transactions in government securities.[9] Consequently, requiring government securities principals and representatives to participate in the continuing education program is a first step in such persons being subject to regulation comparable to that applicable to other securities industry professionals. Moreover, the NASD states that it is desirable for all registered persons to be subject to the continuing education requirements now, rather than waiting for approval of other rules affecting government securities registered persons. In response to the commenter's second concern, the NASD states that the aggregate training results that it will provide to its members will be broken-down by registration categories.[10]

IV. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to the NASD, and, in particular, the requirements of Section 15A and the rules and regulations thereunder. The Commission believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act because the proposed change to Schedule C of the By-Laws will improve the standards of training, experience, and competence for persons associated with NASD members.

As noted in the NASD Response, the GSA Amendments removed from Section 15A of the Act the limitations on the ability of the NASD to regulate its members' transactions in government securities. The Commission believes that requiring government securities principals and representatives to participate in the continuing education program is appropriate in view of the role these persons play in the market for government securities. The continuing education program has been designed to impart knowledge regarding existing standards and should ensure that government securities principals and representatives become aware of new regulatory developments and concerns.

The Commission also believes that the commenter's concerns have been adequately addressed. While the Commission recognizes that government securities principals and representatives have not yet been required to undergo qualification examinations, the Commission believes that any concerns that thereby may arise are outweighed by the benefits to be derived from the participation of such persons in the continuing education program. It should be emphasized that the Regulatory Element, which addresses a variety of compliance, ethics, and sales practice issues, is not a test. Rather, the Regulatory Element requires that a person complete a prescribed training program, which is administered using computer-based interactive training techniques that provide immediate feedback as a person works through a set of scenarios and problems.

The aggregated information obtained from the Regulatory Element is one of several factors that a firm should consider in evaluating its training needs when complying with the Firm Element. Moreover, as stated in the NASD Response, firms will be provided with a registration category break-down of the aggregated information.

Pursuant to Section 19(b)(5) of the Act,[11] the Commission has consulted with and considered the views of the Department of the Treasury (''Treasury'').[12] The Treasury supports the NASD's proposal that the continuing education program apply to government

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

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 35820 (June 7, 1995), 60 FR 30624.

[4] Letter from William S. Crews, Senior Vice President/Securities Compliance Manager, Wachovia Investments, Inc., to Secretary, Commission, dated June 20, 1995 (''Comment Letter'').

[5] Letter from Craig L. Landauer, Associate General Counsel, NASD, to Francois Mazur, Attorney, Division of Market Regulation, Commission, dated June 28, 1995 (''NASD Response'').

[6] On February 8, 1995, the Commission approved proposals by the self-regulatory organizations establishing a two-part continuing education program that requires uniform periodic training for registered persons in regulatory matters (''Regulatory Element'') and job and product-related subjects (''Firm Element''). Securities Exchange Act Release No. 35341 (February 8, 1995), 60 FR 8426.

[7] Part XI of Schedule C of the NASD By-Laws currently requires all persons associated with a member not previously registered as a principal who are to function as government securities principals to be registered as government securities principals; and all persons associated with a member who are to function as government securities representatives who have not previously been registered to register as government securities representatives. NASD By-Laws, Schedule C, Part XI, §§ 1 & 2.

[8] Securities Exchange Act Release No. 35341, *supra* note 6.

[9] *Compare* Sections 15A (f) & (g) of the Act, 15 U.S.C. 780–3 (f) & (g), with text prior to enactment of the GSA Amendments.

[10] The categories that will be provided will be Series 6, Series 7, all principal registration categories, and ''other.'' Government securities principals and representatives would fall within the ''other'' category.

[11] 15 U.S.C. 78s(b)(5).

[12] Section 19(b)(5) of the Act states generally that the Commission shall consult with and consider the views of the Secretary of the Treasury prior to approving a proposed rule filed by a registered securities association that primarily concerns conduct related to transactions in government securities.

securities principals and representatives.[13]

Finally, 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 of the proposal is appropriate in order to allow the uniform implementation of the continuing education program on July 1, 1995. The Commission notes that the 15 day notice period provided for in the notice has expired. The Commission notes further that the rule change establishing the continuing education program was noticed in the **Federal Register** for the full statutory period [14] and that on August 15, 1994, the NASD published Special Notice to Members 94–59 to request comment regarding the NASD's then draft rules to create a mandated continuing education program for the securities industry. As a result, commentators have had an extensive opportunity to comment on the requirements of the continuing education program.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[15] that the proposed rule change (SR–NASD–95–22) is approved.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 95–16924 Filed 7–10–95; 8:45 am]

BILLING CODE 8010–01–M

[Release No. 34–35929; File No. SR–NYSE–95–21]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the New York Stock Exchange, Inc. Relating to Amendments to Rule 460.20

June 30, 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 26, 1995, the New York Stock Exchange, Inc. (''NYSE'' of ''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 proposed rule change consists of an amendment to NYSE Rule 460.20 that would delete the requirement for an associated specialist of an approved person acting as an underwriter in a distribution of a security in which the associated specialist is registered to ''give up the book'' commencing with the ''cooling-off'' period specified in Rule 10b–6 under the Act [1] until the approved person has completed its participation in the distribution.

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

Currently, when an affiliated entity is participating in a distribution of a security in which the specialist organization is registered, the specialist organization is required to withdraw from the market commencing with the applicable cooling off period specified in Rule 10b–6 under the Act until the affiliate has completed its participation in the distribution.[2] NYSE Rule 460.20 provides that the specialist organization must ''give up the book'' (*i.e.*, cease to function as a market maker) to an unaffiliated specialist organization, which then assumes all market making responsibilities under NYSE rules, until the approved person (affiliate) has completed its participation in the distribution, at which time the regular specialist organization regains the ''book'' and resumes its market making activities.

In May 1993, the Commission approved amendments to Rule 10b–6, and the adoption of new Rule 10b–6A, to permit NASD market makers to continue to make markets in a stock while participating in an underwriting of that stock, subject to several restrictions on their level of market making activity. (These restrictions are popularly referred to as ''passive market making.'')[3] The Commission's passive market making restrictions cannot be appropriately extended to Exchange specialists, who are subject to an affirmative obligation to deal when necessary to contribute to the maintenance of a fair and orderly market. The Exchange is concerned, however, that failure to provide exemptive relief from Rule 10b–6 for NYSE specialist units affiliated with underwriting firms may have a detrimental effect on the Exchange's ability to compete for issuer listings and on the willingness of large firms to invest capital in the specialist business.

The Exchange has filed a request with the Commission [4] for exemptive relief

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[13] Telephone conversation between Donald Hammond, Assistant Director, Government Securities Regulation Staff, Treasury, and Glen Barrentine, Senior Counsel, Division of Market Regulation, Commission, on June 29, 1995.

[14] *See* Securities Exchange Act Release No. 35102 (December 15, 1994), 59 FR 65563.

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

[16] 17 CFR 200.30–3(a)(12).

[1] Rule 10b–6 is an anti-manipulation rule that, subject to certain exceptions, prohibits persons engaged in a distribution of securities from bidding for or purchasing, or inducing others to purchase, such securities, any security of the same class and series as those securities, or any right to purchase any such security (''related securities'') until they have completed their participation in a distribution. The provisions of Rule 10b–6 apply to issuers, selling shareholders, underwriters, prospective underwriters, dealers, brokers, and other persons who have agreed to participate or are participating in the distribution, as defined in Rule 10b–6(c)(5), and their ''affiliated purchasers,'' as defined in Rule 10b–6(c)(6), including broker-dealer affiliates. The applicable cooling off period is described in (xi) and (xii) of Rule 10b–6(a)(4). *See* 17 CFR 240.10b–6.

[2] *See* Rule 10b–6(a)(4)(xi), 17 CFR 240.10b–6(a)(4)(xi).

[3] *See* Securities Exchange Act Release No. 32117 (Apr. 8, 1993), 58 FR 19528. In general, Rule 10b–6A permits ''passive market making'' in connection with the distributions of certain securities quoted on the Nasdaq Stock Market during the Rule 10b–6 cooling-off period, the period when the rule's provisions otherwise would prohibit such transactions. A passive market maker's bids and purchases, however, are limited to the highest current independent bid *i.e.*, a bid of a market maker who is not participating in the distribution and is not an affiliated purchaser of a participating market maker. Furthermore, Rule 10b–6A contains certain eligibility criteria, volume limitations on purchases, and notification and disclosure requirements. *See* Rule 10b–6A(c)(2) (Level of Bid), (c)(3) (Requirements to Lower the Bid), (c)(4) (Purchase Limitation), (c)(5) (Limitation on Displayed Size), (c)(6) (Identification of a Passive Market Making Bid), (c)(7) (Notification and Reporting to the NASD). *See* 17 CFR 240.10b–6A(c)(2) through (c)(6).

[4] The Division of Market Regulation (''Division'') is currently reviewing the Exchange's petition requesting regulatory relief. At the conclusion of the Division's review, the Division will make publicly

Continued