

### **I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change**

The BSE seeks to clarify the priority rule as it pertains to its Competing Specialist Initiative. The language of the proposed rule change is as follows where deletions are [bracketed] and additions are *italicized*:

*Because there is only one Exchange market in a security subject to competition, all limit [Limit] orders sent to the Exchange will be maintained by the BEACON System's central limit book and will be [entrusted to each competing specialist are to be represented and] executed strictly according to time priority as to receipt of the order in the BEACON System, irrespective of firm order routing procedures.*

### **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**

The purpose of the proposed amendment is to clarify the priority rule regarding the execution of limit orders on the central limit order book in securities subject to competition, which provides that limit orders will be executed in the same order in which they are received by the BEACON System, *i.e.*, according to strict time priority.

##### **2. Statutory Basis**

The BSE believes that the statutory basis for this proposal is Section 6(b)(5) of the Act in that it furthers the objectives to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

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

The Exchange 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*

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

Within 35 days of the 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 the 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 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 BSE. All submissions should refer to File No. SR-BSE-95-02,

Amendment No. 1 and should be submitted by September 12, 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. 34-36097; File No. SR-NSCC-95-09]

### **Self-Regulatory Organization; National Securities Clearing Corporation; Notice of Filing of Proposed Rule Change Relating to Modifications to its Procedures to Allow the Processing of Voluntary Reorganizations With Protect Periods of Three Days or Greater**

August 11, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on July 27, 1995, National Securities Clearing Corporation ("NSCC") 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 primarily by NSCC. 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 text of the proposed rule change consists of modifications to NSCC's Procedures to allow the processing of voluntary reorganizations with protect periods of three days or greater.

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

In its filing with the Commission, NSCC 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. NSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.<sup>2</sup>

<sup>1</sup> 15 U.S.C. 78s(b)(1) (1988).

<sup>2</sup> These statements have been modified by the Commission.

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

NSCC recently modified its Rules and Procedures to accommodate three-day ("T+3") settlement of securities transactions. NSCC did not modify its Procedures for voluntary reorganizations (*i.e.*, tender or exchange offers) which currently require a protect period<sup>3</sup> of five days or greater because the industry indicated to NSCC that five day protect periods would prevail for a substantial period of time after the implementation of T+3. However, with the implementation of T+3, some voluntary reorganizations have had protect periods of three days rather than five days. In response, NSCC has suspended references in its Procedures to the five day protect period in order to accommodate voluntary reorganizations with three day protect periods. Accordingly, the purpose of the proposed rule change is to modify Section VII.H.4(b) of NSCC's Procedures to allow the processing of voluntary reorganizations with protect periods of three days or greater through NSCC's Continuous Net Settlement System.

The proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder because it should facilitate the prompt and accurate clearance and settlement of securities transactions.

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

NSCC does not believe that the proposed rule change will have an impact on or impose a 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 relating to the proposed rule change have been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

**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

<sup>3</sup> A protect period is generally understood to mean the amount of time after the expiration of a tender or exchange offer that the owner or record holder who has elected to participate in the offer has to submit the shares to the tender agent to cover his or her position.

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 NSCC 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 Room in Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of NSCC. All submissions should refer to the File No. SR-NSCC-95-09 and should be submitted by September 12, 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. 34-36108; File No. SR-Phlx-95-49]

**Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto by Philadelphia Stock Exchange, Inc. Relating to Fingerprinting Requirements**

August 16, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on July 3, 1995, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the

<sup>1</sup> 15 U.S.C. 78s(b)(1).

proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. On July 25, 1995, the Exchange filed Amendment No. 1 to request that its minor rule violation plan be amended to incorporate the rule proposed herein.<sup>2</sup> 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, pursuant to Rule 19b-4 of the Act,<sup>3</sup> proposes to adopt Phlx Rule 623, Fingerprinting, as well as a corresponding Floor Procedure Advice ("Advice") F-25, Fingerprinting Floor Personnel. Specifically, Phlx Rule 623 would require member organizations to comply with Section 17(f)(2) of the Act.<sup>4</sup> In addition, applicants for membership also must be fingerprinted, as part of the Phlx's membership application process. The Rule would further require member organizations to submit fingerprints to the Exchange for processing. The text of the proposed rule change is available for inspection at the locations specified in Item IV below.

**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. 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**

The purpose of the proposal is to incorporate the requirements of Section 17(f)(2) of the Act,<sup>5</sup> and Rule 17f-2<sup>6</sup> thereunder into the Phlx's rules. The Exchange believes that including the Commission's fingerprinting

<sup>2</sup> See letter from Gerald O'Connell, First Vice President, Phlx, to Glen Barrentine, Team Leader, Division of Market Regulation, SEC, dated July 24, 1995.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> 15 U.S.C. 78q(f)(2).

<sup>5</sup> *Id.*

<sup>6</sup> 17 CFR 240.17f-2.