

(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 period³ 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

³ 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"),¹ 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

¹ 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.² 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,³ 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.⁴ 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,⁵ and Rule 17f-2⁶ thereunder into the Phlx's rules. The Exchange believes that including the Commission's fingerprinting

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

³ 17 CFR 240.19b-4.

⁴ 15 U.S.C. 78q(f)(2).

⁵ *Id.*

⁶ 17 CFR 240.17f-2.

requirement in the Phlx's rules should facilitate compliance by providing Exchange members with ready reference to the requirement and deter future violations.

Proposed Phlx Rule 623 appears in the registration rules⁷ and would require all Exchange members and clerks to be fingerprinted, pursuant to Rule 17f-2.⁸ Because Commission provisions spell out who must be fingerprinted as well as the exemptions from this requirement, the Exchange did not recopy those provisions into its rules. Instead, the proposed Exchange rule serves as a reminder and provides a citation to the detailed requirement. The Exchange notes that its proposal is similar to the rules of other exchanges.⁹

Phlx Rule 623 also would expressly apply to applicants for Exchange membership. Because the Commission requires an employee to be fingerprinted prior to commencing the duties requiring fingerprinting, fingerprinting usually occurs at the application stage. Therefore, potential Phlx members are currently fingerprinted as part of the application process. Specifically, once an applicant has filed an application with the Exchange's Office of the Secretary pursuant to Phlx By-Law Article XII, Section 12-4, clearance procedures are conducted to verify personal data and financial viability. Fingerprints are taken by the Exchange's Security Department, which processes them for submission to the Federal Bureau of Investigations ("FBI"); returned fingerprint reports are forwarded to the member organizations for record retention in accordance with Rule 17f-2(d).¹⁰

Generally, Phlx Rules 900-942 govern membership and admission to membership; Phlx Regulation 2 (Order and Decorum Regulations administered pursuant to Phlx Rule 60) governs access to the trading floor by applicants. Pursuant to proposed Phlx Rule 623, the member organization is responsible for ensuring that the fingerprinting requirement is met prior to the applicant or employee performing the functions listed in Rule 17f-2.¹¹ Thus, in lieu of citing applicants themselves, the member organization sponsoring the applicant for membership would be cited for violations for the proposed requirement.

⁷ See, e.g., Phlx Rule 600, Addresses of Members, and Phlx Rule 604, Registration and Termination of Registered Representatives.

⁸ 17 CFR 240.17f-2.

⁹ See, e.g., New York Stock Exchange Rule 35, Supplementary Material. 60.

¹⁰ 17 CFR 240.17f-2(d).

¹¹ 17 CFR 240.17f-2.

Additionally, the fingerprint requirement also would be incorporated as a Floor Procedure Advice, such that a minor rule plan citation could be issued.¹² For example, if, during the course of an examination,¹³ staff discovers that an Exchange member or non-exempt employee had not been fingerprinted, a citation could be immediately issued. The issuance of a citation should alleviate situations where fingerprint maintenance is a recurring problem, because violations by a member or participant organization would result in escalating fines, and, eventually, disciplinary action by the Exchange's Business Conduct Committee ("BCC"). The Exchange believes this type of violation is appropriate for the minor rule plan because it is objective and, thus, violations are readily subject to verification.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6 of the Act¹⁴ in general, and in particular, with Section 6(b)(5),¹⁵ in that it is designed to protect investors and the public interest by facilitating compliance with Commission fingerprinting requirements.

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

The Exchange does not believe 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

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

¹² The Phlx's minor rule violation enforcement and reporting plan ("minor rule plan"), codified in Phlx Rule 970, contains floor procedure advice with accompanying fine schedules. Rule 19d-1(c)(2), 17 CFR 240.19d-1(c)(2), authorizes national securities exchanges to adopt minor rule violation plans for summary discipline and abbreviated reporting; Rule 19d-1(c)(1), 17 CFR 240.19d-1(c)(1), requires prompt filing with the Commission of any final disciplinary actions. However, minor rule violations not exceeding \$2,500 are deemed not final, thereby permitting periodic, as opposed to immediate reporting.

¹³ The Exchange reviews for compliance with Rule 17f-2, 17 CFR 240.17f-2, during the course of examinations of both member and participant organizations.

¹⁴ 15 U.S.C. 78f(b).

¹⁵ 15 U.S.C. 78f(b)(5).

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 also will be available for inspection and copying at the principal office of the Philadelphia Stock Exchange. All submissions should refer to File No. SR-Phlx-95-49 and should be submitted by September 12, 1995.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-20771 Filed 8-21-95; 8:45 am]

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[Investment Company Act Release No. 21282; 812-9572; International Series Release No. 839]

CITIC Pacific Limited; Notice of Application

August 15, 1995.

AGENCY: Securities and Exchange Commission ("SEC").

ACTION: Notice of Application for Exemption under the Investment Company Act of 1940 (the "Act").

APPLICANT: CITIC Pacific Limited.

¹⁶ 17 CFR 200.30-3(a)(12).