believes that these changes will allow for more efficient clearance and settlement and will help conform the municipal securities market to the shorter settlement cycle.

In addition, the proposed rule change would amend MSRB rule G–34 to require underwriters to submit interest rate and final maturity information about new issues to the registered clearing agency offering comparison services as soon as such information is known and would reformat the existing requirements of the rule. The MSRB is aware of instances in which incomplete or inaccurate security descriptions for new issue municipal securities are available in the initial days of trading in the issue. The MSRB's Transaction Reporting Program and participants in the municipal securities market rely on accurate and complete security descriptions in the automated comparison system. The new requirement is designed to ensure that the registered securities clearing agencies have the information necessary to provide accurate descriptions and to calculate accurately final money amounts. Because the MSRB's Transaction Reporting Program is linked to the National Securities Clearing Corporation's (''NSCC'') automated comparison system,[7] the proposed amendment also will facilitate accurate prices and security descriptions in NSCC system.

The proposed rule change moves the requirement that underwriters provide the registered clearing agency with notification of settlement date as soon as it is known from rule G–12(b) to rule G–34. The placement of this requirement within rule G–34 is part of the MSRB's plan to include basic new issue requirements for underwriters within one rule.[8] Finally, the proposed rule change also makes technical changes in rule language to clarify the different processing requirements for transactions that are eligible for automated comparison as opposed to those transactions that are ineligible for automated comparison.

As set forth in Section 15B(b)(2)(C)[9] of the Act, the MSRB has the authority to adopt rules to foster cooperation with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities. The MSRB also has the authority to adopt rules to remove impediments to and perfect the mechanism of a free and open market in municipal securities, and in general to protect investors and the public interest. The MSRB believes the proposed rule change is consistent with Section 15B(b)(2)(C) because the proposal should facilitate more efficient clearance and settlement and should assist the municipal securities market in conforming with T+3 settlement by fostering efficient and accurate reporting of transaction information and accelerating the confirmation and settlement time frames for when-issued transactions.

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

The MSRB does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act because it would apply equally to all brokers, dealers, and municipal securities dealers.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

In April 1995, the MSRB published for comment an earlier version of the proposed rule change to rules G–12(b) and G–34. One comment letter was received in response to this request.[10] The commentator was generally supportive of the proposed rule change. The proposed rule change was revised by the MSRB at its July 1995 meeting to add clarifying language to the amendments and to ensure consistency between the requirements of rule G–12(b) and G–12(c).

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 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 the MSRB 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.

The MSRB requests that the Commission delay effectiveness of the proposed rule change until thirty days after the approval by the Commission is published in the Federal Register to ensure that underwriting practices are in compliance with the rule change.

IV. Solicitation of Comments

Interested people 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, NW., Washington, DC 20549. Copies of the submissions, 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. Copies of the filing will also be available for inspection and copying at the principal offices of the MSRB. All submissions should refer to File No. SR–MSRB–95–14 and should be submitted by November 6, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.[11]

Jonathan G. Katz,

Secretary.

[FR Doc. 95–25510 Filed 10–13–95; 8:45 am]

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[7] As set forth in detail in MSRB rule G–14, brokers, dealers, or municipal securities dealers must submit or cause the submission of specified transaction information for any transaction eligible to be compared in NSCC's automated system directly to NSCC or to another registered clearing agency linked with NSCC for the purpose of automated comparison.

[8] Rule G–34 currently requires underwriters, for new issue municipal securities: (1) to apply for CUSIP numbers; (ii) to apply for depository eligibility; and (iii) to communicate CUSIP numbers and the initial trade date to syndicate and selling group members.

[9] 15 U.S.C. 78o–4(b)(2)(C).

[10] In addition to submitting comments pertaining to two other proposed rule changes by the MSRB, Goldman, Sachs & Co. stated that it fully supports the amendments proposed in this rule filing (SR–MSRB–95–14) but indicated that the mechanism for reporting prior to award both the interest rate and final maturity for any new issue will require some system developments. Letter from Edward C. Brisotti, Vice President, Operations Division, Goldman, Sachs & Co. to Judith A. Somerville, Uniform Practice Specialist, MSRB (May 31, 1995).

[11] 17 CFR 200.30–3(a)(12) (1994).

[Release No. 34–36350; File No. SR–PSE–95–17]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Pacific Stock Exchange, Inc., Relating to Members' Compliance With Position and Exercise Limits for Non-PSE Listed Options

October 6, 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 August 15, 1995, the Pacific Stock Exchange, Inc. (''PSE'' or ''Exchange'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization.[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 PSE proposes to amend PSE Rules 6.8, ''Position Limits,'' and 6.9, ''Exercise Limits,'' to require PSE members who trade non-PSE-listed option contracts and who are not members of the exchange where the options are traded to comply with the option position and exercise limits set by the exchange where the transactions are effected.[2]

The text of the proposed rule change is available at the Office of the Secretary, PSE and at 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 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

(a) Purpose

The purpose of the proposed rule change is to eliminate a jurisdictional loophole whereby a PSE member who exceeds position or exercise limits on another options exchange in an options issue not listed on the PSE, and who is not a member of the other exchange, falls outside of both the PSE's and the other options exchange's jurisdiction for position and exercise limit purposes.[3] The PSE notes that PSE Rules 6.8 and 6.9 prohibit PSE members from establishing or exercising excessive positions in PSE-listed options contracts; however, they do not prohibit PSE members from exceeding applicable position and exercise limits set by other options exchanges for non-PSE-listed option contracts. If the PSE member is not a member of the other exchange that lists the option contracts, then the other exchange cannot enforce its position and exercise requirements against the PSE member either.[4]

The proposed amendments will extend the PSE's position and exercise limit rules to apply to option contracts dealt in on any exchange (rather than only to option contracts dealt in on the PSE) by requiring a PSE member who is effecting transactions in non-PSE-listed option contracts on another exchange, of which he or she is not a member, to comply with the position and exercise limits set by the exchange on which the transaction is effected.[5]

(b) Statutory Basis

The PSE believes that the proposal is consistent with Section 6(b) of the Act, in general, and with Section 6(b)(5), in particular, in that it is designed to remove impediments to a free and open market, to promote just and equitable principles of trade, and to protect investors and the public interest.

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

The PSE 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

Written comments on the proposed rule change were neither solicited nor received.

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

The PSE has requested that the proposed rule change be given accelerated effectiveness pursuant to Section 19(b)(2) of the Act.[6]

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, the requirements of Section 6(b)(5) thereunder[7] in that it is designed to prevent fraudulent and manipulative acts and practices and to protect investors and the public interest. Specifically, the PSE has noted that Exchange rules do not currently prohibit PSE members from exceeding the position and exercise limits set by another exchange for non-PSE listed option contracts. Thus, if the PSE member is not a member of the exchange which lists the options, then neither the PSE nor the exchange that lists the options is able to enforce its position and exercise limits against the PSE member. The proposal eliminates this loophole and strengthens the Exchange's rules by requiring a PSE member who trades non-PSE listed

[1] The PSE requested accelerated approval of the proposed rule change. *See* Letter from Michael Pierson, Senior Attorney, Market Regulation, PSE, to Yvonne Fraticelli, Office of Market Supervision (''OMS''), Division of Market Regulation (''Division''), Commission, dated August 21, 1995 (''Amendment No. 1''). On September 12, 1995, the PSE amended its proposal to clarify that in applying the position and exercise limit rules of another options exchange, the PSE will also follow the applicable exemptions, interpretations, and policies of that exchange. *See* Letter from Michael D. Pierson, Senior Attorney, Market Regulation, PSE, to Yvonne Fraticelli, OMS, Division, Commission, dated September 11, 1995 (''Amendment No. 2'').

[2] Position limits impose a ceiling on the number of option contracts in each class on the same side of the market (*i.e.*, aggregating long calls and short puts or long puts and short calls) that can be held or written by an investor or group of investors acting in concert. Exercise limits prohibit an investor or group of investors acting in concert from exercising more than a specified number of puts or calls in a particular class within five consecutive business days.

[3] The Commission notes that, generally, the options exchanges have adopted uniform options position and exercise limits.

[4] The proposal applies to transactions in index options as well as equity options. Telephone conversation between Michael Pierson, Senior Attorney, Market Regulation, PSE, and Yvonne Fraticelli, Attorney, OMS, Division, Commission, on September 22, 1995.

[5] In applying the position and exercise limits of another options exchange, the PSE will also follow any applicable exemptions, interpretations, and policies of that exchange. *See* Amendment No. 2, *supra* note 1.

[6] *See* Amendment No. 1, *supra* note 1.

[7] 15 U.S.C. 78f(b)(5) (1982).

option contracts on another exchange, and who is not a member of that exchange, to comply with the options position and exercise limits set by the exchange where the transactions are effected.[8]

As the Commission has noted in the past,[9] options position and exercise limits are intended to prevent the establishment of large options positions that can be used or might create incentives to manipulate or disrupt the underlying market so as to benefit the options position. In particular, position exercise limits are designed to minimize the potential for mini-manipulations [10] and for corners or squeezes of the underlying market. In addition, they serve to reduce the possibility for disruption of the options market itself, especially in illiquid option classes. The proposal extends the benefits of the position and exercise limit rules to include all options transactions entered into by PSE members.

As noted above, the proposed amendments will extend PSE Rules 6.8 and 6.9 to apply to option contracts dealt in on any exchange (rather than only to option contracts dealt in on the PSE) by requiring a PSE member who effects transactions in non-PSE-listed option contracts on another exchange, of which he or she is not a member, to comply with the position and exercise limits set by the exchange on which the transaction is effected. Such violations, consistent with any violation of the PSE's position and exercise limit rules, will be subject to fines imposed pursuant to PSE Rule 10.13, ''Minor Rule Plan'' or any other disciplinary action the PSE deems appropriate.

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 because the proposal is identical to approved proposals submitted by the Chicago Board Options Exchange, Inc. (''CBOE'') and the Philadelphia Stock Exchange, Inc.[11] The CBOE and PHLX proposals were subject to the full notice and comment period and the Commission received no comments on those proposals. Therefore, the Commission believes it is consistent with Sections 6(b)(5) and 19(b)(2) of the Act to approve the PSE's proposal on an accelerated basis.

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. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to the file number in the caption above and should be submitted by November 6, 1995.

It is therefore ordered, pursuant to Section 19( )(2) of the Act,[12] that the proposed rule change (File No. SR–PSE–95–17), as amended, is approved on an accelerated basis.

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

Jonathan G. Katz,

Secretary.

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[8] In applying the position and exercise limits of another options exchange, the PSE will also follow any applicable exemptions, interpretations, and policies of that exchange. *See* Amendment No. 2, *supra* note 1.

[9] *See, e.g.*, Securities and Exchange Act Release No. 33283 (December 3, 1993), 58 FR 65204 (December 13, 1993) (order approving File No. SR–CBOE–93–43).

[10] Mini-manipulation is an attempt to influence, over a relatively small range, the price movement in a stock to benefit a previously established derivatives position.

[11] *See* Securities Exchange Act Release Nos. 3642 (September 18, 1995), 60 FR 49305 (September 22, 1995) (order approving File No. SR–CBOE–22) and 36257 (September 20, 1995), 60 FR 50228 (September 28, 1995) (order approving File No. SR–PHLX–95–31).

[12] 15 U.S.C. 78s(b)(2) (1982).

[13] 17 CFR 200.30–3(a)(12) (1994).

[Release No. 34–36351; File No. SR–Phlx–95–49]

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to Personnel Fingerprinting Requirements

October 6, 1995.

On July 3, 1995, the Philadelphia Stock Exchange, Inc. (''Phlx'' or ''Exchange'') 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 proposed rule change to incorporate the requirements of section 17(f)(2) of the Act,[3] and Rule 17f–2 [4] thereunder into the Phlx's rules. On July 25, 1995, the Exchange filed Amendment No. 1 to request that its Minor Rule Plan (''MRP'') be amended to incorporate the rule proposed herein.[5]

The proposed rule change, together with Amendment No. 1, was published for comment in the Federal Register on August 22, 1995.[6] No comments were received on the proposal. On October 3, 1995, the Exchange filed a technical amendment to correct a cross-reference in the text of the proposed rule.[7] This order approves the proposal, as amended.

The Exchange proposes to adopt Phlx Rule 623, which would require members and participant organizations [8] to comply with the requirements of Section 17(f)(2) of the Act concerning the fingerprinting of required employees.[9] It also would require applicants for membership to be fingerprinted as part of the Phlx's membership application process. Finally, Phlx Rule 623 would require

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

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78q(f)(2).

[4] 17 CFR 240.17f–2.

[5] *See* Letter from Gerald O'Connell, First Vice President, Phlx, to Glen Barrentine, Team Leader, Division of Market Regulations, SEC (July 24, 1995).

[6] Securities Exchange Act Release No. 36108 (Aug. 16, 1995), 60 FR 43630.

[7] This technical amendment removes an incorrect reference to Rule 17f–1 from the proposal and substitutes the correct reference to Rule 17f–2. *See* Letter from Edith Hallahan, Special Counsel, Phlx, to Glen Barrentine, Team Leader, SEC (Oct. 3, 1995).

[8] A participant organization refers to a foreign currency options participant organization.

[9] 15 U.S.C. 78q(f)(2) (requiring every member of a national securities exchange, broker, dealer, registered transfer agent, and registered clearing agency to fingerprint each of its partners, directors, officers, and employees and submit such fingerprints to the Attorney General of the United States or its designee for identification and appropriate processing).