

or the underlying securities. Markets that exhibit active and deep trading, as well as broad public ownership, are more difficult to manipulate or disrupt than less active markets with smaller public floats. In this regard, the Technology Index is a broad-based price-weighted index consisting of 100 actively traded technology stocks in the U.S. Accordingly, given the size and breadth of the Index, the Commission believes that increasing position limits to 37,500 contracts will not significantly increase any manipulative concerns. In addition, the Exchange's surveillance program will continue to be applicable to the trading of Technology Index options and should detect and deter any potential trading abuses arising from the increased position and exercise limits.

The Exchange submitted data comparing the Technology Index to several other broad-based indexes, including the Russell 2000 Index, Standard & Poor's 400 and 600 Indexes, the Wilshire Small Cap Index and the National Over-the-Counter Index. The Commission believes that the comparative data confirms that the proposed Technology Index position limits of 37,500 contracts are similar to those of the other options exchanges on similar indexes. For example, as of September 22, 1995, the S&P 400 Index had an index value of 214.46 and position limits of 45,000 contracts, creating a maximum attainable position of approximately \$970 million.¹² As of the same date, the Technology Index proposed position and exercise limits of 37,500 contracts had a maximum attainable position of \$773 million.¹³

It therefore is ordered, pursuant to Section 19(b)(2) of the Act,¹⁴ that the proposed rule change (SR-PSE-95-18) relating to increased position and exercise limits on the Technology Index is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority,¹⁵

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 95-29149 Filed 11-28-95; 8:45 am]

BILLING CODE 8010-01-M

¹² This figure is attained from multiplying the index value times the position limit times the 100 multiplier (215.46 × 45,000 × 100).

¹³ 206.28 × 37,500 × 100. The Commission notes that it may be appropriate for position and exercise limits on certain price-weighted indexes to be somewhat lower than the limits for similarly constructed capitalization-weighted indexes.

¹⁴ 15 U.S.C. 78s (b)(2) (1988).

¹⁵ 17 CFR § 200.30-3(a)(12) (1994).

[Release No. 34-36503; File No. SR-PHILADEP-95-07]

Self-Regulatory Organizations; The Philadelphia Depository Trust Company; Order Granting Approval of a Proposed Rule Change Implementing the Fully Automated Securities Transfer Reconciliation Accounting Control System

November 22, 1995.

On July 14, 1995, the Philadelphia Depository Trust Company ("PHILADEP") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-PHILADEP-95-07) under section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ seeking permanent approval for the Fully Automated Securities Transfer Reconciliation Accounting Control System ("FASTRACS").² Notice of the proposal was published in the Federal Register on September 28, 1995.³ No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

I. Description

FASTRACS is an automated program by which PHILADEP and participating transfer agents use master balance certificates to evidence the number of securities of a particular issue that are registered in PHILADEP's nominee name.⁴ The transfer agents maintain custody of the securities in the form of balance certificates and adjust daily the balance certificates to reflect PHILADEP's withdrawal and deposit activity.

PHILADEP has provided the Commission with copies of the test results of FASTRACS activity during the temporary approval period of the three

¹ 15 U.S.C. 78(b)(1) (1988).

² On July 19, 1994, the Commission approved a proposed rule change establishing a pilot program for FASTRACS for the transfer of certain securities between PHILADEP and certain transfer agents. Securities Exchange Act Release No. 34404 (July 19, 1994), 59 FR 38010 [File No. SR-PHILADEP-90-03] (order approving FASTRACS program on a temporary basis). On May 4, 1995, the Commission extended its approval of the pilot program through December 29, 1995. Securities Exchange Act Release No. 35676 (May 4, 1995), 60 FR 24951 [File No. SR-PHILADEP-94-06] (order granting temporary approval of a proposed rule change extending the pilot program for FASTRACS until December 29, 1995). The Commission extended the temporary approval of the FASTRACS program so that PHILADEP could complete adequate testing. The program was limited to three transfer agents for the duration of the temporary approval period.

³ Securities Exchange Act Release No. 36264 (September 21, 1995), 60 FR 50232.

⁴ For a complete description of FASTRACS, refer to Securities Exchange Act Release No. 34404, *supra* note 2.

designated transfer agents. PHILADEP states that FASTRACS has enhanced PHILADEP's operational efficiency, has substantially reduced its burdens in reconciling its positions, and has saved costs associated with these functions. PHILADEP represents that it has encountered no significant operational problems and believes the system operated effectively during the testing phase. Furthermore, PHILADEP believes the current filing is consistent with the Commission's Direct Registration System ("DRS") initiative insofar as DRS, among other things, will compel PHILADEP and other participating clearing agencies to establish fully operational automated programs for the transfer of certain securities between participating clearing agencies and their transfer agents.⁵

II. Discussion

Sections 17A(b)(3) (A) and (F)⁶ of the Act require that a clearing agency be organized and its rules be designed to facilitate and promote the prompt and accurate clearance and settlement of securities transactions and to assure the safeguarding of securities and funds in its custody or control or for which it is responsible. The Commission believes PHILADEP's proposal is consistent with sections 17A(b)(3)(A) and (F) of the Act because it should alleviate some of the inefficiencies associated with the physical transfer of securities and should reduce PHILADEP's burdens in reconciling its positions. The transfer of securities should be faster and more efficient with the likely effect of reducing costs related to the preparation of written instructions and physical delivery of the securities. FASTRACS also should help PHILADEP fulfill its safekeeping obligations by allowing PHILADEP to maintain securities in a form that should reduce the chances of loss and theft. Furthermore, the current filing is consistent with the Commission's Direct Registration System ("DRS") initiative.

III. Conclusion

On the basis of the foregoing, the Commission finds that PHILADEP's proposed rule change is consistent with the requirements of the Act and particularly with section 17A of the Act and the rules and regulations thereunder.

⁵ For a complete description of DRS, refer to Securities Exchange Act Release No. 35038 (December 1, 1994), 59 FR 63652 [Filed No. S7-34-94] (concept release soliciting comment on proposed transfer agent operated direct registration system).

⁶ 15 U.S.C. 78q-1(b)(3)(A) and (F) (1988).

It is therefore ordered, pursuant to section 19(b)(2) of the Act, that the proposed rule change (File No. SR-PHILADEP-95-07) be, and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,

Deputy Secretary.

FR Doc. 95-29150 Filed 11-28-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-36505; International Series Release No. 889; File No. SR-Phlx-95-42]

Self-Regulatory Organizations; Order Approving a Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 2 to the Proposed Rule Change by the Philadelphia Stock Exchange, Inc., to List and Trade 3D Foreign Currency Options on the Japanese Yen

November 22, 1995.

I. Introduction

On June 14, 1995, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed a proposed rule change with 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 to list and trade Dollar Denominated Delivery ("3D") foreign currency options ("FCOs") on the Japanese yen. The Exchange filed Amendment No. 1 to the proposal on July 7, 1995.³ The Exchange filed Amendment No. 2 on November 8, 1995.⁴

Notice of the proposal, and Amendment No. 1, was published for comment and appeared in the Federal Register on August 11, 1995.⁵ No comment letters were received on the proposed rule change. This order

approves the Exchange's proposal, as amended.

II. Background

In March 1994, the Commission approved the listing and trading of 3D FCOs on the German mark.⁶ 3D FCOs are cash-settled, European-style options issued by The Options Clearing Corporation ("OCC") that allow holders to receive U.S. dollars representing the difference between the current foreign exchange spot price⁷ and the exercise price of the option. Specifically, upon exercise of an in-the-money 3D FCO structured as a call, the holder will receive, from OCC, U.S. dollars representing the difference between the exercise strike price and the closing settlement value of the 3D FCO contract multiplied by the number of units of currency covered by the contract. For a 3D FCO structured as a put, the holder will receive U.S. dollars representing the excess of the exercise price over the closing settlement value of the 3D FCO contract multiplied by the number of units of foreign currency covered by the contract.

Unlike other Phlx-traded FCOs, 3D FCOs which are in-the-money by any amount on the expiration date will be exercised automatically by OCC. 3D FCOs which are out-of-the-money at expiration will expire worthless.

German 3D FCOs were originally listed with one-week and two-week expirations to provide a hedging vehicle to sophisticated retail customers, portfolio managers and multi-national corporations which needed to hedge their short term foreign currency exposure and also to banks which needed to hedge the risks associated with trading in the forward and cash markets. The Commission recently approved the Phlx's proposal to list German 3D FCO contracts with longer term expirations up to twelve months.⁸

III. Description of the Proposal

The Exchange is now proposing to list and trade 3D FCOs on the Japanese yen (U.S. dollar/Japanese yen) ("3D JY Options"). The contract size will be 6,250,000 yen, the same as physically

settled Japanese yen contract. Pursuant to Phlx Rule 1012(a)(ii), the contracts will be listed with expirations at one week and two weeks and one, two, three, six and nine months (twelve month options will not be listed at this time but will be permitted under Phlx rules). The options will be on the March, June, September, December cycle and no month end or long term expirations will be listed. The expiration date for the consecutive and cycle month options will be the Monday preceding the third Wednesday of each month. The Exchange expects that the symbols for these options will be as follows:

XJA	first Monday of month expiration
XJB	second Monday of month expiration
XJC	third Monday of month expiration
XJD	fourth Monday of month expiration
XJE	fifth Monday of month expiration
XJS	settlement symbol

The 1, 2, 3, 6 and 9 month options will be listed with the symbol XJB or XJC depending on whether expiration will be the second or third Monday of that month and will carry that symbol to expiration. For example, a "Sept 1995" option which would expire on Monday September 18, would be listed as an XJC Sept 95 call whereas the "Nov 1995" option which would expire on Monday, November 13, would be listed as an XJB Nov 95 call.

Similar to the 3D German mark contracts, the Exchange proposes that a series of 3D JY Options will trade during normal trading hours for foreign currency options, specifically, 2:30 a.m. to 2:30 p.m. E.T. Monday through Friday. The expiring FCO contract will cease trading at 10:30 a.m. and expire at 11:59 p.m. on its expiration Monday, unless such Monday is an Exchange holiday or an Exchange designated bank holiday, when, under Phlx Rule 1000(b)(21), "Expiration date," as amended, the 3D FCO will expire at 11:59 p.m. on the preceding business date (ordinarily a Friday).

Accordingly, on Exchange holidays and Exchange designated bank holidays, the expiring 3D FCOs will cease trading at 10:30 a.m. on the preceding business day. In addition, when Monday is an exchange holiday, new series will be listed on the following Tuesday at 2:30 a.m. E.T. as opposed to the normal Monday morning listing.

The closing settlement value, which will be disseminated through the Options Price Reporting Authority ("OPRA"), will be determined by a designated agent(s) of the Exchange under Phlx Rule 1057, "3D (Dollar Denomination Delivery) Foreign Currency Option Closing Settlement

⁷ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Phlx submitted Amendment No. 1 to the Commission to make certain technical corrections to the proposal. See Letter from Michele Wiesbaum, Associate General Counsel, Phlx, to John Ayanian, Attorney, Office of Market Supervision ("OMS"), Division of Market Regulation ("Market Regulation"), Commission, dated July 7, 1995.

⁴ The Phlx submitted Amendment No. 2 to the Commission to explain its proposed provisions for calculating and disseminating the settlement value for the 3D Japanese yen options. See Letter from Michele Wiesbaum, Associate General Counsel, Phlx, to John Ayanian, Attorney, OMS, Market Regulation, Commission, dated November 8, 1995 ("Amendment No. 2").

⁵ See Securities Exchange Act Release No. 36062 (August 4, 1995), 60 FR 41140.

⁶ See Securities Exchange Act Release No. 33732 (March 8, 1995), 59 FR 12023 (March 15, 1994).

⁷ The "spot price" with respect to an option contract on a foreign currency option contract means the price for the sale of one foreign currency for another, quoted by various commercial banks in the interbank foreign exchange market for the sale of a single unit of such foreign currency for immediate delivery (which generally means delivery within two business days following the date on which the terms of such sale are agreed upon). See Phlx Rule 1000(b)(16).

⁸ See Securities Exchange Act Release No. 35756 (May 24, 1995), 60 FR 28638 (June 1, 1995).