

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹³ that the portion of the proposed rule change (SR-Amex-95-35) amending Amex Rules 904 and 905 is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁴

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-30529 Filed 12-14-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-36569; File No. SR-SCE-95-10]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by Cincinnati Stock Exchange, Inc., Relating to the Definitions of Public and Professional Agency Orders

December 11, 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 November 29, 1995, the Cincinnati Stock Exchange, Inc. ("CSE" or "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 CSE hereby proposes to amend the definition of public agency order and professional agency order as follows, with added language in italics and deletions in brackets:

Rule 11.9 National Securities Trading System

(a) No Change.

(1) through (6) No Change.

(7) The term "public agency order" means any order for *an account covered by Section 11(a)(1)(E) of the Securities Exchange Act of 1934* [the account of a person other than a member, an Approved Dealer, or a person who could become an Approved Dealer by complying with this Rule with respect to his use of the System], which is represented, as agent, by a User.

(8) The term "professional agency order" means an order entered by a User as agent for the account of a broker-dealer *or for an account which is not*

covered by Section 11(a)(1)(E) of the Securities Exchange Act of 1934.

(b) through (u) No Change.

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

CSE Rule 11.9(J) grants "public agency" orders a special time priority on the CSE, *i.e.*, public agency orders have priority over professional agency orders at the same price. The intent of the proposed rule change is to ensure that the privilege of this super-priority is granted only to those for whom it was originally intended by clarifying the distinction between "public agency" and professional agency" order flow.¹

Paragraph (1)(E) in Section 11(a) of the Act, which addresses certain issues related to trading by Exchange members, segregates for special treatment "any transaction for the account of a natural person, the estate of a natural person, or a trust created by a natural person for himself or another natural person." The New York Stock Exchange ("NYSE") utilizes this definition of public agency business in NYSE Rule 80A, its rule for limiting trading during significant market declines. Specifically, NYSE Rule 80A(e)(iii) defines an "account of an individual investor" as "an account covered by Section 11(a)(1)(E) of the Securities Exchange Act of 1934." The CSE is proposing to incorporate Section 11(a)(1)(E) into its definition of public and professional agency orders. The Exchange believes that it is appropriate to articulate definitions of agency business that are consistent with the general understanding and practice of the securities industry.

¹The Commission notes that several of the Exchanges' rules, such as its order guarantee and preferencing rules, distinguish between public and professional agency orders. Thus, the proposed rule change would affect certain orders in these contexts as well. See, *e.g.*, CSE Rules 11.9(c) and (u).

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act in general, and furthers the objectives of Section 6(b)(5) in particular, in that it is designed 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 CSE does not believe that 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 CSE informed the other Intermarket Trading System participants of its intent to file this rule proposal, and no comments were received.

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 other 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 forgoing. 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 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 maybe 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 NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the CSE. All submissions

¹³ 15 U.S.C. 78s(b)(2) (1988).

¹⁴ 17 CFR 200.30-3(a)(12) (1994).

should refer to File No. SR-CSE-95-10 and should be submitted by January 4, 1996.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-30530 Filed 12-14-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-36570; File No. SR-NSCC-95-14]

**Self-Regulatory Organizations;
National Securities Clearing
Corporation; Notice of Filing and Order
Granting Accelerated Approval of a
Proposed Rule Change Amending
NSCC's By-Laws to Provide for an
Additional Member of the Board of
Directors**

December 11, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ notice is hereby given that on November 3, 1995, National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which items have been prepared primarily by NSCC. The Commission is publishing this notice and order to solicit comments on the proposed rule change from interested persons and to grant accelerated approval of the proposed rule change.

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

The proposed rule change amends Article II, Section 2.1 of NSCC's by-laws to allow for an additional member of its board of directors.

**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.²

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

When NSCC was originally formed, the number of directors on its board was sixteen. In order to provide a greater representation by participants in the management of NSCC, this number was increased to seventeen in 1984, to eighteen in 1989, and to nineteen in 1994.³ Since that time, NSCC has continued to expand its list of participants, and NSCC believes that it is in its participants' interest that the number of directors again be increased.⁴ NSCC's by-laws permit the number of directors to be increased from time to time.⁵ The proposed rule change consists of an amendment to the by-laws which increases the number of directors on the board from nineteen to twenty. The additional participant director will further the opportunity for participants to be represented on the board.

The proposed rule change is consistent with Section 17A of the Act in that it increases the opportunity for NSCC's participants to be involved in the administration of NSCC's affairs.⁶

**(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 have been solicited or received. NSCC will notify the Commission of any written comments received.

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

Section 17A(b)(3)(C) states that the rules of a clearing agency must assure fair representation of its shareholders

³ Securities Exchange Act Release Nos. 27984 (May 2, 1990), 55 FR 19400 and 33852 (April 13, 1994), 59 FR 17634.

⁴ Pursuant to NSCC's shareholders agreement, one director represents each of NSCC's shareholders (the New York Stock Exchange, the American Stock Exchange, and the National Association of Securities Dealers), one director represents management, and the remaining directors are selected from NSCC's participants. Thus, the additional director will be selected from NSCC's participants.

⁵ The number of directors may be increased or decreased at any time by amendment of the by-laws by either a vote of the shareholders entitled to vote for election of directors or by majority of the entire board.

⁶ 15 U.S.C. 78q-1 (1988).

(or members) and participants in the selection of its directors and administration of its affairs.⁷ The Commission believes that the proposed increase in the number of directors on the board is consistent with NSCC's obligations under Section 17A because the result will be a board which better reflects NSCC's participants. As a result, participants will be afforded additional opportunities to raise, discuss, and help resolve issues that affect them.

NSCC has requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of the filing. The Commission finds good cause for so approving the proposed rule change because it will give NSCC the opportunity to have the additional participant member elected prior to and possibly participate in NSCC's next board meeting, which is scheduled for December 14, 1995.

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 NW., 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 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 above-mentioned self-regulatory organization. All submissions should refer to the file number SR-NSCC-95-14 and should be submitted January 5, 1996.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-NSCC-95-14) be and hereby is approved.

⁷ 15 U.S.C. 78q-1(b)(3)(C) (1988).

¹ 15 U.S.C. 78s(b)(1) (1988).

² The Commission has modified parts of these statements.