

specified in Rule 145(a) and exchange offers. There are approximately 95 registrants filing annually on Form N-14. Approximately 58,900 hours are used to meet the requirements of Form N-14. This represents 620 hours per registrant per year.

The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act, and is not derived from a comprehensive study or even a representative survey or study of the costs of SEC rules and forms.

Written comments are invited on: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondent, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Direct your written comments to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 5th Street NW., Washington, DC 20549.

Dated: December 13, 1995.

Jonathan G. Katz,

Secretary,

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[Release No. 34-36589; File No. S7-24-89]

Joint Industry Plan; Solicitation of Comments and Order Approving Amendment No. 6 to Reporting Plan for Nasdaq/National Market Securities Traded on an Exchange on an Unlisted or Listed Basis, Submitted by the National Association of Securities Dealers, Inc., and the Boston, Chicago and Philadelphia Stock Exchanges

December 13, 1995.

On November 13, 1995, the National Association of Securities Dealers, Inc., and the Boston, Chicago, and Philadelphia Stock Exchanges (collectively, "Participants")¹ submitted

¹ The signatories to the Plan, i.e., the National Association of Securities Dealers, Inc. ("NASD"), and the Chicago Stock Exchange, Inc. ("Chx") (previously, the Midwest Stock Exchange, Inc.)

to the Commission proposed Amendment No. 6 to a joint transaction reporting plan ("Plan") for Nasdaq/National Market securities traded on an exchange on an unlisted or listed basis.² Amendment No. 6 would extend the effectiveness of the Plan through December 29, 1995. On November 13, 1995, the Commission partially approved Amendment No. 6 to the Plan by extending its effectiveness through December 12, 1995.³ The present order approves the remainder of the proposal by extending the effectiveness of the Plan through December 29, 1995.

I. Background

The Commission originally approved the Plan on June 26, 1990.⁴ The Plan governs the collection, consolidation and dissemination of quotation and transaction information for Nasdaq/National market securities listed on an exchange or traded on an exchange pursuant to UTP. The Commission has extended the effectiveness of the Plan six times since then to allow the Participants to trade pursuant to the Plan while they finalize their negotiations for revenue sharing under the Plan.⁵

Philadelphia Stock Exchange, Inc. ("Phlx") and the Boston Stock Exchange, Inc. ("BSE"), are the "Participants." The BSE, however, joined the Plan as a "Limited Participant," and reports quotation information and transaction reports only in Nasdaq/National Market (previously referred to as "Nasdaq/NMS") securities listed on the BSE. Originally, the American Stock Exchange, Inc., was a Participant to the Plan, but did not trade securities pursuant to the Plan, and withdrew from participation in the Plan in August 1994.

² Section 12 of the Act generally requires an exchange to trade only those securities that the exchange lists, except that Section 12(f) of the Act permits unlisted trading privileges ("UTP") under certain circumstances. For example, Section 12(f), among other things, permits exchanges to trade certain securities that are trade over-the-counter ("OTC/UTP"), but only pursuant to a Commission order or rule. The present order fulfills this Section 12(f) requirement. For a more complete discussion of this Section 12(f) requirement, see November 1995 Extension Order, *infra*, at n. 2.

³ Securities Exchange Act No. 36481 (November 13, 1995), 60 FR 58119 ("November 1995 Extension Order").

⁴ See Securities Exchange Act Release No. 28146 (June 26, 1990), 55 FR 27917 ("1990 Approval Order"). For a detailed discussion of the history of UTP in OTC securities, and the events that led to the present plan and pilot program, see 1994 Extension Order, *infra* note 5.

⁵ See Securities Exchange Act Release No. 34371 (July 13, 1994), 59 FR 37103 ("1994 Extension Order"). See also Securities Exchange Act Release No. 35221, (January 11, 1995), 60 FR 3886 ("January 1995 Extension Order"), Securities Exchange Act Release No. 36102 (August 14, 1995), 60 FR 43626 ("August 1995 Extension Order"), Securities Exchange Act Release No. 36226 (September 13, 1995), 60 FR 49029 ("September 1995 Extension Order"), Securities Exchange Act Release No. 36368 (October 13, 1995), 60 FR 54091 ("October 1995 Extension Order"), and the November 1995 Extension Order, *supra* note 3.

As originally approved by the Commission, the Plan required the Participants to complete their negotiations regarding revenue sharing during the one-year pilot period. The January 1995 Extension Order approved the effectiveness of the Plan through August 12, 1995. Since January 1995, the Commission has expected the Participants to conclude their financial negotiations promptly and to submit a filing to the Commission that reflected the results of the negotiations. Moreover, the Commission's August 1995 Extension Order required the Participants to submit a filing concerning revenue sharing on or before August 31, 1995.

The Commission continues to urge the Participants to comply with the Commission's request for the filing promptly, and specifically requests that the Participants submit to the Commission, on or before December 20, 1995, a proposed revenue sharing amendment, along with a proposed amendment to extend the effectiveness of the Plan through the pending comment period for the financial proposal. The Commission currently believes it is appropriate to extend the effectiveness of the Plan through December 29, 1995, so that operation of the Plan may continue while the Commission awaits these amendments and prepares them for publication in the Federal Register.

II. Extension of Certain Exemptive Relief

In conjunction with the Plan, on a temporary basis scheduled to expire on December 12, 1995, the Commission granted an exemption from Rule 11Ac1-2 under the Act regarding the calculated best bid and offer ("BBO"), and granted the BSE an exemption from the provision of Rule 11Aa3-1 under the Act that requires transaction reporting plans to include market identifiers for transaction reports and last sale data. This order extends these exemptions through December 29, 1995. Further, this extension will remain in effect only if the Plan continues in effect through that date pursuant to a Commission order.⁶ The Commission continues to believe that this exemptive relief is appropriate through December 29, 1995.

⁶ In the November 1995 Extension Order, the Commission extended these exemptions through December 12, 1995. Pursuant to a request made by the NASD, this order further extends the effectiveness of the relevant exemptions through December 29, 1995. See letter from Robert E. Aber, NASD, to Jonathan Katz, Commission, dated November 9, 1995.

III. Comments on the Operation of the Plan

In the January 1995 Extension Order, the August 1995 Extension Order, the September 1995 Extension Order, the October 1995 Extension Order, and the November 1995 Extension Order, the Commission solicited, among other things, comment on: (1) whether the BBO calculation for the relevant securities should be based on price and time only (as currently is the case) or if the calculation should include size of the quoted bid or offer; and (2) whether there is a need for an intermarket linkage for order routing and execution and an accompanying trade-through rule. The Commission continues to solicit comment on these matters.

IV. Solicitation of Comment

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 Room. All submissions should refer to File No. S7-24-89 and should be submitted by January 10, 1996.

V. Conclusion

The Commission finds that proposed Amendment No. 6 to the Plan to extend the operation of the Plan and the financial negotiation period through December 29, 1995, is appropriate and in furtherance of Section 11A of the Act. The Commission finds further that extension of the exemptive relief through December 29, 1995, as described above, also is consistent with the Act and the Rules thereunder. Specifically, the Commission believes that these extensions should serve to provide the Participants with more time to conclude their financial negotiations and to submit the necessary filings to the Commission. This, in turn, should further the objects of the Act in general, and specifically those set forth in Section 12(f) and 11A of the Act and in

Rules 11Aa3-1 and 11Aa3-2 thereunder.

It is therefore ordered, pursuant to Sections 12(f) and 11A of the Act and (c)(2) of Rule 11Aa3-2 thereunder, that Amendment No. 6 to the Joint Transaction Reporting Plan for Nasdaq/National Market securities traded on an exchange on an unlisted or listed basis is hereby approved and trading pursuant to the Plan is hereby approved on a temporary basis through December 29, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority, 17 CFR 200.30-3(a)(29).

Jonathan G. Katz,
Secretary.

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[Release No. 34-36587; File No. 600-28]

Self-Regulatory Organizations; ProTrade; Notice of Filing of Application for Exemption From Registration as a Clearing Agency

December 13, 1995.

On September 22, 1994, ProTrade¹ filed with the Securities and Exchange Commission ("Commission") a Form CA-1 requesting exemption from registration as a clearing agency pursuant to section 17A of the Securities Exchange Act of 1934 ("Exchange Act")² and Rule 17Ab2-1 thereunder.³ Since the original filing, ProTrade has supplemented the information provided in its Form CA-1 filing with letters dated October 27, 1994, April 18, 1995, September 26, 1995, and October 2, 1995. The Commission is publishing this notice to solicit comments on the proposal from interested persons.

I. Introduction

ProTrade proposes to introduce an automated proprietary trading system ("System") for over-the-counter option securities. ProTrade's customers, the users of the System, will be authorized to enter bids and offers for these options into the System. The System will electronically match the bids and offers and provide execution. Instantaneously with each execution, the proceeds of the transaction will be calculated, and the accounts of the trading parties will be debited and credited in settlement.

¹ ProTrade, located in Mercer Island, Washington, was incorporated under the laws of the State of Washington in January, 1986. Joseph A. Zajac, the company's President, owns 100% of ProTrade's stock.

² 15 U.S.C. 78q-1 (1988).

³ 17 CFR 240.17Ab2-1 (1995).

Accordingly, the System will combine into a single electronic format several functions that usually involve the collective efforts of: (1) An option broker-dealer, (2) an options exchange, and (3) an options clearing agency. ProTrade asserts that this unity of functions will bring new efficiencies to the options marketplace.

ProTrade has represented that its System will not commence operations before ProTrade: (1) has registered as a broker-dealer pursuant to the Exchange Act and has become a member of the National Association of Securities Dealers, Inc. ("NASD"),⁴ (2) has registered the option securities that are to be traded in the System pursuant to the Securities Act of 1933 ("Securities Act"),⁵ and (3) has received a no-action letter from the Division stating that the Division will not recommend enforcement action if ProTrade does not register as a securities exchange pursuant to the Exchange Act.⁶

ProTrade believes that its proposed operations would involve few, if any, clearing agency activities within the meaning of the Exchange Act. ProTrade also believes that its proposed registration as a broker-dealer, coupled with the proposed registration of its options under the Securities Act, will satisfy the regulatory scheme of the Exchange Act. ProTrade has stated that such registrations under both the Exchange Act and the Securities Act would provide the necessary and appropriate safeguards to protect investors and the public interest.⁷ Accordingly, it is ProTrade's belief that an exemption from registration as a

⁴ For the definitions of "broker" and "dealer" under the Exchange Act, see Sections 3(a) (4) and (5), 15 U.S.C. 78c(a) (4) and (5) (1988). See also, Section 15 of the Exchange Act, 15 U.S.C. 78o (1988), for broker-dealer registration requirements.

⁵ 15 U.S.C. 77b(1) (1988). ProTrade's options are "securities" as that term is defined in Section 2(1) of the Securities Act, 15 U.S.C. 77b(1) (1988). As securities, they must be registered pursuant to Sections 5 and 6 of the Securities Act, 15 U.S.C. 77e and 77f (1988), before they may be traded in interstate commerce.

The issuer of the options for purposes of the Securities Act will be ProTrade itself. For the definition of "issuer," see Section 2(4) of the Securities Act, 15 U.S.C. 77b(4) (1988).

⁶ For definition of "exchange," see Section 3(a)(1) of the Exchange Act, 15 U.S.C. 78c(a)(1) (1988). See also, Section 6 of the Exchange Act, 15 U.S.C. 78f (1988), for exchange registration requirements.

⁷ ProTrade expects to have a net capital of \$250,000, the amount that ProTrade states it will need to comply with Commission's uniform net capital rule, Rule 15c3-1, 17 CFR 240.15c3-1 (1995), as a broker-dealer that holds customers' funds (i.e., a clearing broker-dealer). The Commission has taken no position on ProTrade's interpretation of its requirements under the uniform net capital rule.