

the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange and, in particular, the requirements of Sections 6 and 11A.<sup>13</sup> The Commission notes that the development and implementation to date of the AUTOM system has provided for more efficient handling and reporting of orders in PHLX equity and index options through the use of new data processing and communications techniques, thereby improving order processing and turnaround time. The Commission does not object at this time to extending the benefits available through the use of an automated system to larger-size customer options orders of up to 50 contracts.

Public customers may benefit from the proposal because public customer orders for up to 50 option contracts may be executed automatically and guaranteed by the specialist at the displayed market quote. In addition, public customers will have the benefit or receiving immediate executions and nearly instantaneous confirmations for orders of up to 50 contracts.<sup>14</sup> The increase in the AUTO-X feature for all equity and index options may also increase the depth and liquidity of the market for the options where the specialist chooses to fill orders to a depth of up to 50 contracts. The Commission notes, however, that AUTO-X currently, and as proposed, does not require an opportunity for price improvement on a systematic basis. The Commission expects the PHLX to examine the feasibility of modifying AUTO-X to provide a mechanism for price improvement on a systematic basis.<sup>15</sup>

The Commission also believes, based on representations by the Exchange,<sup>16</sup> that expanding the order eligibility size of AUTO-X for all equity and index options to 50 contracts will not expose the PHLX's options markets or equity

markets to risk of failure or operational break-down. In particular, the Exchange represents that only a small percentage of total daily trades on the PHLX are filled through AUTO-X; in addition, the Exchange notes that, currently, AUTOM is approximately 30% utilized during peak market activity. The Exchange represents that AUTOM can easily support any volume associated with the proposal. In addition, since the AUTOM system is completely independent from the PHLX's Automated Communication and Execution ("PACE") system for routing and executing stock orders, neither AUTOM nor PACE should impact the other during periods of high volume.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>17</sup> that the proposed rule change (SR-PHLX-95-39) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>18</sup>

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## DEPARTMENT OF TRANSPORTATION

### Aviation Proceedings; Agreements Filed During the Week Ending 12/15/95

The following Agreements were filed with the Department of Transportation under the provisions of 49 U.S.C 412 and 414. Answers may be filed within 21 days of date of filing.

*Docket Number:* OST-95-936.

*Date filed:* December 15, 1995.

*Parties:* Members of the International Air Transport Association.

*Subject:* TC2 Reso/P 1873 dated December 1, 1995, Middle East-Africa Resolutions r-1—r19, Intended effective date: April 1, 1996, Necessary Government Action Date: no later than February 20, 1996.

*Docket Number:* OST-95-937.

*Date filed:* December 15, 1995.

*Parties:* Members of the International Air Transport Association.

*Subject:* TC23 Reso/P 0724 dated December 1, 1995, Africa-TC3 Resos, Intended effective date: April 1, 1996, Necessary Government Action Date: no later than February 15, 1996.

*Docket Number:* OST-95-938.

*Date filed:* December 15, 1995.

*Parties:* Members of the International Air Transport Association.

*Subject:* TC12 Telex Mail Vote 765, Mexico-Germany and Mid Atlantic-Germany fares, r-1—074aa r-2—074w,

Intended effective date: January 20, 1996.

Paulette V. Twine,

*Chief Documentary Services Division.*

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### Notice of Applications for Certificates of Public Convenience and Necessity and Foreign Air Carrier Permits Filed Under Subpart Q During the Week Ending December 15, 1995

The following Applications for Certificates of Public Convenience and Necessity and Foreign Air Carrier Permits were filed under Subpart Q of the Department of Transportation's Procedural Regulations (See 14 CFR 302.1701 et. seq.). The due date for Answers, Conforming Applications, or Motions to modify Scope are set forth below for each application. Following the Answer period DOT may process the application by expedited procedures. Such procedures may consist of the adoption of a show-cause order, a tentative order, or in appropriate cases a final order without further proceedings.

*Docket Number:* OST-95-922.

*Date filed:* December 11, 1995.

*Due Date for Answers, Conforming Applications, or Motion to Modify Scope:* January 8, 1996.

*Description:* Application of Rio Air Express, S.A. dba Skyjet Brazil, requests Amendment of its Foreign Air Carrier Permit to transport belly-cargo and mail in combination with its charter passenger service between Brazil and the United States.

*Docket Number:* OST-95-923.

*Date filed:* December 11, 1995.

*Due Date for Answers, Conforming Applications, or Motion to Modify Scope:* January 8, 1996.

*Description:* Application of Virgin Atlantic Airways Limited, pursuant to U.S.C. Section 40109 and Subpart Q of the Regulations, requests amendment of its Foreign Air Carrier Permit, to authorize the following air transportation, in addition to scheduled combination air transportation of passengers, cargo, and mail between London, England (Heathrow) and San Francisco, California, for which Virgin Atlantic initially sought an amendment to its foreign air carrier permit on January 11, 1994:

(1) scheduled combination air transportation of passengers, cargo, and mail between London, England (Heathrow) and Washington, DC (Dulles); and

(2) scheduled combination air transportation of passengers, cargo, and

<sup>13</sup> 15 U.S.C. 78f and 78k-1 (1988).

<sup>14</sup> As noted above, the PHLX's rules will not require a specialist to guarantee AUTO-X orders to a depth of 50 contracts. Instead, the proposal will allow specialists to establish an AUTO-X guarantee for each option up to the permissible size of 50 contracts, with a minimum guarantee of 10 contracts required.

<sup>15</sup> *CF*, Securities Exchange Act Release Nos. 36310 (September 29, 1995), 60 FR 52792 (October 10, 1995) (rule proposals and amendments to improve the handling and execution of customer orders); and 33894 (April 11, 1994), 59 FR 18429 (April 18, 1994) (order approving File No. SR-Amex-93-32, noting that limiting the automatic execution of orders for Hong Kong Index options to 50 contracts or less will ensure that larger orders are exposed to the floor for potential price improvement).

<sup>16</sup> See December 12, Letter, *Supra* note 4.

<sup>17</sup> 15 U.S.C. 78s(b)(2) (1982).

<sup>18</sup> 17 CFR 200.30-3(a)(12) (1994).