

membership category will terminate on or before March 31, 1996, at which time MSTC will definitively cease to act for all TSPs. The only services that MSTC will provide to TSPs is to provide access to the facilities of DTC.

Under the proposed arrangement, MSTC will maintain subaccounts at DTC for each TSP. DTC will transmit the settlement obligations of TSPs to MSTC. Based on DTC's final settlement figures, MSTC will use funds received by MSTC from a TSP or will initiate payments against a TSP's bank account to satisfy a TSP's payment obligation. In this regard, each TSP will be required to maintain funds that are sufficient for purposes of settlement and that are accessible to MSTC. If a TSP has a credit balance, DTC will forward the credit to MSTC, and MSTC will make available to the TSP the amount of the credit balance. Alternatively, upon notice to and authorization by MSTC, TSPs can settle directly with DTC.

TSPs will be required to contribute to a temporary sponsored account fund. The required contribution will consist of the greater of \$15,000 or 110% of the required contribution to the participants fund of DTC. MSTC also may require a TSP to deposit a supplemental contribution not based on a TSP's usage of MSTC's services. All contributions to the temporary sponsored account fund must be in cash. All temporary sponsored account fund contributions not forwarded by MSTC to DTC may be invested by MSTC. The sponsored account fund may be used to cover losses in a manner similar to that provided for in the current MSTC participants fund rules.

While TSPs will not be obligated to comply with all of MSTC's current rules, TSPs will be obligated to comply with the MSTC rules designated in Article VIII as being applicable to TSPs. Among other things, Article VIII provides that TSPs must comply with MSTC's rules relating to losses, indemnification, and MSTC's ceasing to act. TSPs also must comply with the rules of DTC.

MSTC believes the proposed rule change is consistent with Section 17A of the Act in that it is designed to promote the accurate clearance and settlement of securities transactions and to assure the safeguarding of securities and funds which are in MSTC's custody or control or for which MSTC is responsible.

intended to cease providing depository services on January 15, 1996, and that participants should make arrangements for alternate depository services by that date. The date was postponed to January 19, 1996. Note 2, *supra*.

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

MSTC does not believe the proposed rule change will impose a 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 proposal have not been solicited or received.

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

Section 17A(b)(3)(F)⁶ of the Act requires the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. The Commission believes the proposal is consistent with MSTC's obligations under Section 17A of the Act because it should help ensure that MSTC participants unable to find alternative securities depository services by January 19, 1996, will have access to safe and efficient securities depository services for a period of time that should be sufficient to enable such participants to obtain permanent alternate services. This should help protect against disruption in these participants' businesses upon MSTC's withdrawal from the securities depository business. Furthermore, MSTC's coordination with DTC in establishing securities depository services for TSPs through temporary sponsored accounts and the requirement of a temporary sponsored account fund to cover losses that could be suffered by MSTC incident to the operation of the temporary sponsored accounts should help MSTC safeguard the securities and funds which are in its custody or control or for which it is responsible.

MSTC 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 the proposal is critical to MSTC's orderly withdrawal from the securities depository business with minimal business disruption by its announced deadline of January 19, 1996. Furthermore, because the Commission received only one

comment letter⁷ during the comment period of MSTC's proposal to withdraw from the securities depository business,⁸ the Commission does not believe it will receive negative comment letters on this proposal.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submission should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., 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 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, 450 Fifth Street, NW., Washington, DC. Copies of such filing also will be available for inspection and copying at the principal office of MSTC. All submissions should refer to the file number SR-MSTC-95-11 and should be submitted by February 16, 1996.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-MSTC-95-11) be, and hereby is, approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland,

Deputy Secretary.

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⁷ Letter from Leland W. Hutchinson, Jr., Freeborn & Peters, [counsel for Scattered Corporation and Laura Bryant, members of CHX] to Richard R. Lindsey, Director, Division of Market Regulation, Commission (December 15, 1995).

⁸ See, Securities Exchange Act Release No. 36684 (January 5, 1996), [File No. SR-MSTC-95-10] (order approving MSTC's proposal to withdraw from the securities depository business).

⁹ 17 CFR 200.30-3(a)(12) (1994).

⁶ 15 U.S.C. 78q-1(b)(3)(F) (1988).

[Release No. 34-36748; File No. SR-Amex-96-01]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the American Stock Exchange, Inc. Relating to the Adoption of Rule 428 ("Telephone Solicitation—Recordkeeping") and an Interpretation With Respect to Proposed Rule 428

January 19, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on January 4, 1996, the American Stock Exchange, Inc. ("Amex" or "Exchange") 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 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 Exchange is proposing to adopt new Rule 428 ("Telephone Solicitation—Recordkeeping") and a new interpretation thereunder concerning telephone solicitation and recordkeeping.

The text of the proposed rule change is available at the Office of the Secretary, the Amex, 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

In 1994, an industry Task Force, comprised of representatives from the Commission, the New York Stock

Exchange, Inc. ("NYSE"), and the National Association of Securities Dealers, Inc. ("NASD") was formed to review broker-dealer telemarketing practices and compliance with the Telephone Consumer Protection Act of 1991 ("TCPA"), the Federal Communications Commission ("FCC") rules and regulations implementing that law, and the Telemarketing and Consumer Fraud and Abuse Act ("Prevention Act"). The TCPA, FCC rules, and the Prevention Act address telemarketing practices and the rights of telephone consumers. One of the requirements contained in this regulatory framework is that businesses, including broker-dealers, that make telephone solicitations to residential telephone subscribers must institute written policies and have procedures in place for maintaining "do-not-call" lists. The Prevention Act also requires the Commission to engage in its own additional rulemaking, or, alternatively, to require the self-regulatory organizations ("SROs") to promulgate telemarketing rules consistent with the legislation.

After reviewing the TCPA, FCC rules, and the Prevention Act, the Task Force recommended that the SROs adopt "cold-calling" rules. The NYSE and NASD adopted such rules in June 1995, while the Chicago Board Options Exchange adopted such a rule in December 1995.² Similarly, the Exchange is proposing to adopt new Rule 428 that will require members and member organizations to make and maintain a centralized list of persons who have informed the member or member organization that they do not want to receive telephone solicitations. The proposed interpretation to Rule 428 will be issued in an Information Circular and will remind members and member organizations that they are subject to compliance with the requirements of the relevant rules of the FCC and the Commission relating to telemarketing practices and the rights of telephone consumers.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act³ in general and furthers the objectives of Section 6(b)(5)⁴ in particular because it is designed to promote just and equitable principles of trade, and, in

general, to protect investors and the public interest, by addressing the practices of Exchange members and member organizations who make telemarketing calls and the protection of customers who have indicated a desire not to receive such calls.

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

The Exchange believes the proposed rule change will not impose any burden on competition.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

Because the foregoing proposed rule change: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; (3) does not become operative for thirty days from January 4, 1996, the date on which it was filed, and the Exchange provided the Commission with written notice of its intent to file the proposed rule change at least five business days prior to the filing date, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁵ and Rule 19b-4(e)(6)⁶ thereunder.

At any time within sixty days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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, 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

² See Securities Exchange Act Release Nos. 35821 (June 7, 1995), 60 FR 31337 (approving File No. SR-NYSE-95-11); 35831 (June 9, 1995), 60 FR 31527 (approving File No. SR-NASD-95-13); and 36588 (Dec. 13, 1995), 60 FR 56624 (approving File No. SR-CBOE-95-63).

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(5).

⁵ 15 U.S.C. 78s(b)(3)(A).

⁶ 17 CFR 240.19b-4(e)(6).

¹ 15 U.S.C. 78s(b)(1).

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 in Washington, DC. Copies of such filing also will be available for inspection and copying at the principal office of the Amex. All submissions should refer to File No. SR-Amex-96-01 and should be submitted by February 16, 1996.

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

Margaret H. McFarland,
Deputy Secretary.

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[Release No. 34-36752; File No. SR-Phlx-95-77]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to the Rules of the Allocation, Evaluation and Securities Committee.

January 22, 1996.

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 December 22, 1995, the Philadelphia Stock Exchange, Inc. ("Phlx" 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 Exchange proposes to update its rules relating to the Allocation, Evaluation and Securities Committee ("Committee"). Specifically, Rules 500, 501, 505, 506, 508 and 511 are being amended as well as By-Law Article X, Section 10-7. The text of the proposed rule change is available at the Exchange 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

1. Purpose

The purpose of the proposed rule change is to update the Exchange's 500 Series of rules, which govern the allocation of specialist privileges. The rules that are currently in place have not been significantly amended since they were adopted in 1987 as a pilot program.¹ as described below, almost all of the rules are being revised in order to address issues that have come up over the past eight years. All of the proposed changes are described below.

Composition of Allocation, Evaluation and Securities Committee

Currently, the Committee has a minimum nine member requirement but has no maximum requirement. For competitive reasons, the Committee is often called upon to meet on short notice and meets more frequently than other committees that may only hold monthly meeting. Having a large committee makes it difficult to obtain a quorum, and thus, conduct business.

Accordingly, By-Law Article X, Section 10-7 and Rule 500 are being amended to revise the Committee size and structure. The By-Law section will still require a minimum of nine members on the Committee but would add that a quorum will always be five members. The Committee would also be structured differently. Pursuant to proposed new subsection (b) to Rule 500, for each meeting, the Committee will be composed of five core committee members and four members of a 20 member allocation panel. The core committee, whose members would serve for three year terms (no more than two consecutive terms), would be created to

¹The rules initially were approved by the Commission as an eight month pilot program on May 21, 1987. See Securities Exchange Act Release No. 24496 (May 21, 1987), 52 FR 20183 (May 29, 1987). On February 23, 1988, the pilot program was extended indefinitely until further action was taken by the Commission. See Securities Exchange Act Release No. 25388 (Feb. 23, 1988), 53 FR 6725 (Mar. 2, 1988). The rules were permanently approved on June 26, 1991. See Securities Exchange Act Release No. 29369 (June 26, 1991), 56 FR 30604 (July 3, 1991).

assure some continuity of membership on the Committee. The allocation panel would also be created, whose members would serve for one-year terms, to allow for new persons with fresh perspectives.

Rule 500 would be amended to provide who may serve on the core committee and allocation panel and how many members of each must attend meetings in order for a quorum to be reached. Specifically, the core committee would have five members: three who conduct a public securities business, one from the equity floor, and one from the options floor. The allocation panel would have twenty members: six who conduct a public securities business, five from the equity floor, five from the options floor, and four from the foreign currency options ("FCO") floor.

For each meeting, the Committee will be composed of the five core committee members and four members of the 20 member panel chosen on a rotating alphabetical basis. The Chairman will, however, have the discretion to also specifically invite any other members of the panel who he believes would have particular knowledge or expertise respecting the subject matter of the meeting. For example, if a FCQ is being allocated and the four alphabetically chosen panel members for the meeting happen to all be from the equity and equity options floors, the Chairman could also invite any or all of the four FCO panel members to the meeting. Additionally, all other members of the panel will always be notified of meetings and may attend and vote if they so chose even if they are not at the top of the rotation list. Finally, at least two of the core committee members must be part of the quorum at every meeting in order to assure that there are some experienced committee members in attendance.²

Transfers of Specialist Privileges

Currently, a specialist does not have to seek Committee approval when it proposes to transfer all of its specialist privileges, but it must do so in order to transfer less than all of its privileges. The Exchange has determined to amend Rule 508 to now require that all proposed transfers of specialist privileges be subject to prior Committee approval so that the Committee has the ability to consider the qualifications of all proposed transferees. The criteria provided in Rule 511 that is currently used for making allocation and reallocation decisions would now also

²At least one of the core committee members in attendance must conduct a public securities business.

⁷ 17 CFR 200.30-3(a)(12).