

8.51 are activities that may violate the provisions of Rule 6.20(b).<sup>6</sup> Trading Floor Liaison staff will assist the OEX Floor Procedure Committee members in identifying offenders of this policy. Members of the Floor Procedure Committee<sup>7</sup> or other Floor Officials will issue the fines.<sup>8</sup> Members could also be charged with other appropriate rules violations and would be subject to further disciplinary action from the Exchange's Business Conduct Committee.

CBOE believes that its procedures for enforcement of Rule 8.51 and Rule 6.43 in the OEX trading crowd, as contained in a published regulatory circular, are consistent with Section 6 of the Act, in general, and further the objectives of Section 6(b)(5) of the Act in particular, in that they are designed to perfect the mechanisms of a free and open market and to protect investors and the public interest by holding market-makers responsible for honoring the displayed quote and for ensuring that accurate markets are displayed to the public.

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

The Exchange 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*

No written comments were solicited or received with respect to the proposed rule change.

<sup>6</sup>In addition to fines, members who violate the policies set forth in the regulatory circular are potentially subject to other forms of discipline. First, pursuant to Interpretation .05 to Rule 6.20, two floor officials may nullify a transaction or adjust its terms if they determine the transaction to have been in violation of Rule 8.51. Second, depending upon the egregiousness of the conduct and the disciplinary history of the individual(s) involved, the Exchange could bring a formal disciplinary action under Chapter 17 of the Exchange's rules. Finally, as with any conduct that concerns an individual's performance standards as a member of a trading crowd, the Market Performance Committee, pursuant to Rules 8.3(a) and 8.60, may take remedial action including suspending or terminating a market-maker's appointment in a class of options. See Letter from Timothy Thompson, Senior Attorney, CBOE to James T. McHale, Attorney, Office of Market Supervision, Division of Market Regulation, Commission, dated December 21, 1995.

<sup>7</sup>Interpretation .08 to Rule 6.20 permits members of the OEX Floor Procedure Committee, as one of the two successor committees of the Index Floor Procedure Committee, to perform the functions of a Floor Official in the OEX trading crowd.

<sup>8</sup>Members would be entitled to appeal the fine under Chapter XIX of the Exchange's rules.

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

Because the foregoing rule change constitutes a stated policy with respect to the meaning, administration, or enforcement of an existing rule, it has become effective pursuant to Section 19(b)(3)(A) of the act and Rule 19b-4 thereunder. At any time within 60 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, 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 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 CBOE. All submissions should refer to the File No. SR-CBOE-95-70 and should be submitted by March 21, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>9</sup>

Margaret H. McFarland,

*Deputy Secretary.*

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[Release No. 34-36869; File No. SR-CHX-96-06]

#### **Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Stock Exchange, Incorporated Relating to the Correction of Possible Ambiguities in the Exchange's GTX Rules**

February 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 February 5, 1995, the Chicago Stock Exchange, Incorporated ("CHX" 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 modify Article XX, Rule 37(a) of the CHX's Rules and Interpretation and Policy .02 thereto, relating to the primary market protection of limit orders designated as good until canceled, executable in the afternoon session ("GTX orders").<sup>1</sup>

#### **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.

<sup>1</sup>The Exchange is open for business for two trading sessions during each business day. The CHX's regular auction market trading session is conducted on the floor of the Exchange from 8:30 a.m. to 3 p.m. (3:15 p.m. for trading in Chicago Basket), Central time, Monday through Friday. The second, or afternoon, session is conducted through the Portfolio Trading System from 3:30 p.m. to 5 p.m., Central time, Monday through Friday. The floor of the Exchange is closed during the afternoon session. See CHX Article IX, Rule 10.

<sup>9</sup> 17 CFR 200.30-3(a)(12).

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

1. Purpose

In Securities Exchange Act Release No. 29297 (June 13, 1991), 56 FR 28191 (June 19, 1991) (File No. SR-MSE-91-11), the Commission approved on a pilot basis rules relating to the CHX's program to provide primary market protection to limit orders designated as GTX orders.<sup>2</sup> Those rules included Article XX, Rule 37(a) and Interpretation and Policy .02 thereto. In Securities Exchange Act Release No. 33991 (May 2, 1994), 59 FR 23904 (May 9, 1994) (File No. SR-CHX-93-23), the Commission permanently approved the CHX's program. The purpose of the proposed rule change is to correct possible ambiguities in the current text of Rule 37(a) and Interpretation and Policy .02 without making any substantive alterations to the program.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)(5) of the Act<sup>3</sup> in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

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

The Exchange does not believe that proposed rule change will 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

The foregoing rule change constitutes a stated policy, practice or interpretation with respect to the

<sup>2</sup>The CHX's program requires that Exchange specialists provide primary market protection for GTX orders in securities listed on either the New York Stock Exchange or American Stock Exchange and traded during these exchanges' after-hours closing-price trading sessions. Specifically, the responsible CHX specialist is required to fill GTVVX orders at such closing price, based on the volume that prints in the primary market during its closing-price session. GTX orders may be entered only during the Exchange's regular trading session.

<sup>3</sup>15 U.S.C. 78f(b)(5).

meaning, administration or enforcement of an existing rule of the Exchange and therefore has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>4</sup> and subparagraph (e)(1) of Rule 19b-4 thereunder.<sup>5</sup> At any time within 60 days of the filing of such 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 purpose 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, 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 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 Exchange. All submissions should refer to File No. SR-CHX-96-06 and should be submitted by March 21, 1996.

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

Margaret H. McFarland,

*Deputy Secretary.*

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[Release No. 34-36876; File Nos. SR-Philadep-95-08]

**Self-Regulatory Organizations; Philadelphia Depository Trust Company; Notice of Filing of Amendments and Order Granting Accelerated Partial Permanent Approval and Accelerated Partial Temporary Approval of a Proposed Rule Change to Convert the Settlement System for Securities Transactions to a Same-Day Funds Settlement System**

February 22, 1996.

On November 3, 1995, the Philadelphia Depository Trust Company ("Philadep") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File Nos. SR-Philadep-95-08) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").<sup>1</sup> On December 19, 1995, Philadep filed an amendment to the proposed rule change.<sup>2</sup> Notice of the proposal as amended was published in the Federal Register on January 9, 1996.<sup>3</sup> On January 8, 1996, Philadep filed an amendment to the proposed rule change to modify its charge-back policy relating to principal and income payments from a same-day reversal policy to a next-day reversal policy.<sup>4</sup> On January 24, 1996, Philadep filed an amendment to the proposed rule change to clarify which participants fund formulas were additive and which were not additive and to make a technical correction to Rule 4, Section 8.<sup>5</sup> On February 5, 1996, Philadep filed an amendment to the proposed rule change to remove certain previously proposed amendments made to Rule 4, Sections 1 and 2, regarding the maintenance and investment of the participants fund and to remove previously proposed allocation procedures between the Philadep participants fund and the Stock Clearing Corporation of Philadelphia ("SCCP") participants fund.<sup>6</sup> On February 16, 1996, Philadep filed an amendment to the proposed rule change to clarify its inter-

<sup>1</sup> 15 U.S.C. § 78s(b)(1) (1988).

<sup>2</sup> Letter from J. Keith Kessel, Compliance Officer, Philadep, to Peter R. Geraghty, Esq., Division of Market Regulation ("Division"), Commission (December 14, 1995).

<sup>3</sup> Securities Exchange Act Release No. 36681 (January 4, 1996), 61 FR 745.

<sup>4</sup> Letter from William W. Uchimoto, General Counsel, Philadep, to Peter R. Geraghty, Esq., Division, Commission (January 11, 1996).

<sup>5</sup> Letter from William W. Uchimoto, Philadep, to Jerry Carpenter, Esq., Assistant Director, Division, Commission (January 24, 1996).

<sup>6</sup> Letter from J. Keith Kessel, Compliance Officer, Philadep, to Peter R. Geraghty, Esq., Division, Commission (February 5, 1996).

<sup>4</sup> 15 U.S.C. 78s(b)(3)(4).

<sup>5</sup> 17 CFR 240.19b-4(e)(1).