

*Company Guide.* The Commission believes that Amendment No. 1 clarifies and strengthens the Exchange's proposal by providing additional information, similar to that provided for other MITTS products previously approved by the Commission, and by stating the specific continued listing guidelines that will apply to H/B MITTS which should help to ensure a minimal level of depth and liquidity for continued trading of the product on the Amex. The Commission believes that Amendment No. 2 also clarifies the Exchange's proposal by providing that no adjustments to the share multiplier for a component stock will be made in the event of merger, consolidation, dissolution or liquidation of an issuer. Accordingly, the Commission believes it is consistent with Section 6(b)(5) of the Act to approve Amendment Nos. 1 and 2 on an accelerated basis.

Interested persons are invited to submit written data, views and arguments concerning Amendment Nos. 1 and 2. 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 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, NW., Washington, DC. Copies of such filing will also be available for inspection and copying at the principal office of the Amex. All submissions should refer to File No. SR-Amex-96-27 and should be submitted by October 28, 1996.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>30</sup> that the proposed rule change (File No. SR-Amex-96-27), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority,<sup>31</sup>

Margaret H. McFarland,

*Deputy Secretary.*

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[Release No. 34-37752; File No. SR-MBSCC-96-04]

**Self-Regulatory Organizations; MBS Clearing Corporation; Order Approving a Proposed Rule Change to Establish Term Limits for the Chairman of the Board of Directors**

September 30, 1996.

On June 24, 1996, MBS Learning Corporation; Order Approving a Proposed Rule Change to Establish Term Limits for the Chairman of the Board of Directors

On June 24, 1996, MBS Clearing Corporation ("MBSCC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-MBSCC-96-06) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act") to establish term limits for the chairman of MBSCC's Board of Directors.<sup>1</sup> Notice of the proposal was published in the Federal Register On August 14, 1996.<sup>2</sup> No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

**I. Description**

The rule change amends Section 5.3 of MBSCC's by-laws, regarding the term of office, removal, and vacancies of officers, to limit the term of office for the Chairman of the Board to not more than four consecutive one-year terms.

**II. Discussion**

Section 17A(b)(3)(C)<sup>3</sup> of the Act requires that the rules of a clearing agency be designed to assure a fair representation of its shareholders or members and participants in the selection of its directors and administration of its affairs. The Commission believes that MBSCC's rule change is consistent with MBSCC's obligations under the Act because it should create greater diversity in the individuals who will serve as MBSCC's Chairman of the Board and thereby should promote the fair representation of participants in the administration of MBSCC's affairs.

**III. Conclusion**

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act and the rules and regulations thereunder.

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

<sup>2</sup> Securities Exchange Act Release No. 37541 (August 8, 1996), 61 FR 42298.

<sup>3</sup> 15 U.S.C. § 78q-1(b)(3)(C) (1988).

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-MBSCC-96-04) be, and hereby is, approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority,<sup>4</sup>

Margaret H. McFarland,

*Deputy Secretary.*

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[Release No. 34-37767; File No. SR-PSE-96-29]

**Self-Regulatory Organizations; Pacific Stock Exchange, Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change and Amendment No. 1 Thereto Relating to a One-Year Extension of the Lead Market Maker System Pilot Program**

September 30, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on August 22, 1996, the Pacific Stock Exchange, Inc. ("PSE" or "Exchange") submitted to the Securities and Exchange Commission ("Commission") the proposed rule change described in Items I and II below, which items have been prepared by the PSE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and to grant accelerated approval of the proposed rule change and an amendment thereto.

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

Commentary .01 to PSE Rule 6.82, "Lead Market Maker Pilot Program," states that the PSE's Lead Market Maker ("LMM") system pilot program will expire on September 30, 1996. The PSE proposes to amend Commentary .01 to extend the pilot program, so that it will be set to expire on September 30, 1997.<sup>3</sup>

<sup>4</sup> 17 CFR 200.30-3(a)(12) (1996).

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

<sup>2</sup> 17 CFR 240.19b-4 (1994).

<sup>3</sup> The PSE originally submitted a request for permanent approval of its Lead Market Maker ("LMM") System Pilot Program. On September 30, 1996, the PSE submitted Amendment No. 1 to the proposed rule change. See Letter from Michael Pierson, Senior Attorney, Regulatory Policy, Pacific Stock Exchange, to Janet Russell-Hunter, Special Counsel, Division of Market Regulation, SEC, dated September 30, 1996. In Amendment No. 1, the PSE withdrew the provision requesting permanent approval of the LMM pilot program and requested a one-year extension of the pilot program. The PSE

Continued

<sup>30</sup> 15 U.S.C. 78S(b)(2)

<sup>31</sup> 17 CFR 200.30-3(a)(12).