

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, NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the Phlx. All submissions should refer to File No. SR-Phlx-94-75 and should be submitted by February 22, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 95-2386 Filed 1-31-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-35283; File No. SR-Phlx-94-58]

**Self-Regulatory Organizations;
Philadelphia Stock Exchange, Inc.;
Order Granting Approval to Proposed
Rule Change Relating to Rule 229
Governing Execution of PACE Orders**

January 26, 1995.

On December 1, 1994, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to provide Phlx specialists with the opportunity to effect price improvement for market orders in securities sent through the Philadelphia Stock Exchange Automated Communication and Execution System ("PACE"). On December 12, 1994, the Exchange filed with the Commission Amendment No. 1 to the proposed rule change.³

The proposed rule change, together with Amendment No. 1, was published for comment in Securities Exchange Act Release No. 35089 (December 12, 1994),

59 FR 65423 (December 19, 1994). No comments were received on the proposal. This order approves the proposed rule change.

The Phlx proposes to amend the Supplementary Material section to its Rule 229 to provide Phlx specialists the opportunity to effect price improvement for market orders in securities sent through PACE when the spread between the PACE Quote, which reflects the consolidated national best bid and offer, exceeds $\frac{1}{8}$ point in any PACE eligible security.⁴ The proposed rule change provides for an automatic stop of such orders and a 15 second execution delay, allowing a Phlx specialist to manually provide for price improvement during the 15 second delay.⁵ Specifically, the proposal provides that all round-lot market orders of up to 500 shares and all combined round-lot and odd-lot market orders of up to 599 shares will be stopped at the PACE Quote at the time of entry into PACE (stopped at the best bid for sell orders; at the best ask for buy orders) and will be subject to a delay of up to 15 seconds before being executed in order to provide an opportunity for price improvement.⁶ If a particular market order is not executed within 15 seconds, the order will be automatically executed at the stop price. PACE market orders will receive automatic and immediate execution when the PACE Quote at the time of order entry reflects a spread between the best bid and offer of $\frac{1}{8}$ point.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, including the requirements of Section 6(b) of the Act.⁷ In particular, the Commission believes the proposal is

⁴ Only agency orders may be executed through PACE. Supplementary Material .02 to Phlx Rule 229.

⁵ According to the Phlx, the proposed rule change does not apply to limit orders, including marketable limit orders, because such orders are executed manually and, therefore, already have an opportunity for price improvement. Telephone conversation between William W. Uchimoto, Vice President and General Counsel, Phlx, and Glen Barrentine, Senior Counsel, SEC, on December 9, 1994.

⁶ PACE does not require automatic execution of round-lot market orders greater than 500 shares or combined round-lot and odd-lot market orders greater than 599 shares. Supplementary Material .05 and .06 to Phlx Rule 229. To the extent a specialist agrees to automatic execution of larger market orders, such orders would also be subject to a delay of up to 15 seconds before being executed in order to provide an opportunity for price improvement. Telephone conversation between William W. Uchimoto, Vice President and General Counsel, Phlx, and Glen Barrentine, Senior Counsel, SEC, on January 26, 1995.

⁷ 15 U.S.C. 78f(b) (1988).

consistent with the Section 6(b)(5) requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public.

The Commission believes that this rule will protect investors and the public interest by providing small orders routed through PACE with the possibility for price improvement through order exposure without imposing a significant burden on the economically efficient execution of these transactions. As a result, adoption of this proposal should benefit investors while also helping the Phlx to retain equity order flow and thereby remain competitive with the other regional exchanges, each of which has previously adopted order exposure features into its small order routing and execution systems. Prior to this rule change, the Phlx was the only securities exchange whose small order execution system for equities did not offer an opportunity for price improvement. In its Market 2000 report, the SEC's Division of Market Regulations recommended that the Phlx include such a feature in its small order execution system.⁸ The Phlx's proposed rule change is responsive to that recommendation.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁹ that the proposed rule change (SR-Phlx-94-58) be, and hereby is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 95-2426 Filed 1-31-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-35264; File No. SR-SCCP-94-9]

**Self-Regulatory Organizations; Stock
Clearing Corporation of Philadelphia;
Notice of Filing and Immediate
Effectiveness of Proposed Rule
Change Relating to the Automated
Customer Account Transfer Service
and the ACAT-Fund/SERV Interface**

January 23, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

⁸ Division of Market Regulation, Securities and Exchange Commission, Market 2000: An Examination of Current Equity Market Developments (Jan. 1994), Study V at 4 n. 19.

⁹ 15 U.S.C. 78s(b)(2) (1988).

¹⁰ 17 CFR 200.30-3(a)(12) (1994).

² 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1) (1988).

² 17 CFR 240.19b-4 (1994).

³ See letter from William W. Uchimoto, Vice President and General Counsel, Phlx, to Glen Barrentine, Senior Counsel, SEC, dated December 12, 1994. Amendment No. 1 made certain clarifying changes to the proposed rule change.