

Street, Chicago, Illinois 60611-2092 and the OMB reviewer, Laura Oliven (202-395-7316), Office of Management and Budget, Room 10230, New Executive Office Building, Washington, D.C. 20503.

Chuck Mierzwa,

Clearance Officer.

[FR Doc. 95-784 Filed 1-11-95; 8:45 am]

BILLING CODE 7905-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-35197; File No. SR-Amex-94-57]

Self-Regulatory Organizations; American Stock Exchange, Incorporated; Notice of Filing of Proposed Rule Change Relating to Implementation of a Three-Day Settlement Standard

January 6, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that the American Stock Exchange Inc. ("Amex") filed with the Securities and Exchange Commission ("Commission") a proposed rule change on December 13, 1994, and filed an amendment thereto on December 23, 1994, as described in Items I, II, and III below, which items have been prepared primarily by Amex. 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

Amex proposes to modify its rules to implement a three business day settlement standard.

Self-Regulatory Organization's Statement Regarding the Proposed Rule Change

In its filing with the Commission, Amex 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 Amex has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.

¹ 15 U.S.C. § 78s(b)(1) (1988).

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

On October 6, 1993, the Commission adopted Rule 15c6-1 under the Act which establishes three business days after the trade date ("T+3") instead of five business days ("T+5") as the standard settlement cycle for most broker-dealer trades.² The rule will become effective June 7, 1995.³ In the release adopting Rule 15c6-1, the Commission concluded that a T+3 settlement cycle, as compared to the current T+5 settlement cycle, will reduce credit and liquidity risks and will increase efficiency in broker-dealer and clearing agency operations.

In order to accommodate the implementation of the new settlement standard pursuant to Commission's Rule 15c6-1, Amex will amend the following rules. Rule 17, which concerns transactions in rights and warrants, refers to five business days in describing when transactions preceding the final day of trading must be made only for "cash" settlement. "Five" will be changed to "three." Rule 124(c) defines delivery conditions for "regular way" as the fifth business day following the contract. "Fifth" will be changed to "third." Rule 124(d) requires seller's option delivery to be made within the time specified in the option, which time shall not be less than six business days nor more than sixty days. "Six" will be changed to "four."

Rule 179(a) requires during the five business days preceding the final day for trading in an issue of rights, every order entered on a specialist's book shall be for "next day" delivery. "Fifth" will be changed to "third." Rule 179(b) dictates during the five final business days for trading in an issue of warrants, every order entered on a specialist's book shall be for "cash," and during the three preceding business days every such order entered shall be for "next day" delivery. "Fifth" will be changed to "third." Rule 179(c) requires during the five business days preceding the final day for trading in an expiring equity security, every order entered on the specialist's book shall be for "next day" delivery, and on the final day for trading in such equity security, every order entered on a specialist's book shall be for "cash." "Fifth" will be changed to "third."

Rule 205C(2) requires that where an odd-lot dealer accepts "seller's option"

trades for delivery within not less than six business days nor more than thirty days following the day of the contract, such order shall be filled at a price below the effective round lot sale or bid regular way by the amount of any differential. "Six" will be changed to "four."

Rule 423 refers to fourth and third business days in discussing agent instructions with respect to receipt versus payment ("RVP") or delivery versus payment ("DVP") customer transactions. "Fourth" and "third" will be changed to "second" and "first." Rule 830 states that transactions in stocks shall be ex-dividend or ex-rights on the fourth business day preceding the record date. "Fourth" business day will be changed to "second" business day. With regard to a record date other than a business day, the "fifth" will be changed to the "third." The proposal also eliminates the distinction between New York City transfers and transfers outside New York City.

Rule 858 directs settlement in contracts in bonds dealt in "and interest." There shall be added to the contract price interest on the principle amount at the rate specified in the bond, which shall be computed up to but not including the day on which delivery is due, except that in the case of contracts made "seller's option." Currently interest is computed only up to but not including the fifth business day following the day of the contract. The proposed rule change would compute the interest up to the day when delivery would have been due if the contract had been made "regular way."

Rule 862 states that the notice for the return of loans of securities must be given before 3:45 P.M. on a business day and such return shall be made on the "fifth" business day following the day in which notice is given. "Fifth" will be changed to "third."

Rule 866 requires for loans of securities to be deliverable on the "fifth" business day following the day of the loan unless otherwise agreed to by the parties. "Fifth" will be changed to "third." Rule 882 refers to delivery of securities and due-bills after the record date or after the "equivalent New York record date" and requires the seller to pay or to deliver to the buyer the distribution made with respect to such security. With stock or cash dividends or rights to subscribe, the seller shall deliver to the buyer either the dividend or rights or a due-bill for such dividend or rights within five days after the record date or the equivalent New York record date. "Fifth" day will be changed to "third." The proposal also eliminates

² Securities Exchange Act Release No. 33023 (October 6, 1993), 58 FR 52891.

³ Securities Exchange Act Release No. 34952 (November 9, 1994), 59 FR 59137.

references to the equivalent New York record date.

Amex has participated in meetings sponsored by the Commission among self regulated organizations, clearing corporations, and other industry participants and has kept its members informed of the forthcoming transition to T+3. As the effective date for implementation draws near, Amex will continue to educate its membership and to ascertain that they are informed and understand specific timing and cutover issues. The Amex's implementation of these rule changes will be consistent with the June 1995 conversion schedule which Amex and the National Securities Clearing Corporation ("NSCC") have developed for industry use.⁴ The schedule is as follows.

Trade date	Settlement cycle	Settlement date
June 2 Friday	5 day	June 9 Friday.
June 5 Monday.	4 day	June 9 Friday.
June 6 Tuesday.	4 day	June 12 Monday.
June 7 Wednesday.	3 day	June 12 Monday.

If the Commission determines to alter the exemptions currently provided in Rule 15c6-1, the Amex may be required to file additional rule amendments.

The proposed rule change is consistent with Section 6(b) of the Act in general and furthers the objectives of Section 6(b)(5) in particular in that it protects investors and the public interest by reducing the risk to clearing corporations, their members and public investors which is inherent in settling securities transactions. This is accomplished by reducing the time period for settlement of most securities transactions which will correspondingly decrease the number of unsettled trades in the clearance and settlement system at any given time.

The proposed change is also consistent with Commission Rule 15c6-1 which requires brokers or dealers to settle most securities transactions no later than the third business day after the date of the contract unless otherwise expressly agreed to by the parties at the time of the transaction.

⁴ NSCC will use two double-settlement days for the conversion. The first double-day settlement, scheduled for Friday, June 9, will incorporate trades from Friday, June 2 (the last T+5 settlement day) and from Monday, June 5 (a T+4 settlement day). The second double-day settlement, scheduled for Monday, June 12, will include trades from Tuesday, June 6 (T+4 settlement day) and Wednesday, June 7 (the first T+3 settlement day). With respect to the two trade days on which "regular way" trades will settle on T+4, Amex rules will be temporarily deemed to be amended accordingly.

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

Amex 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 either solicited or received.

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

Within thirty-five days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to ninety days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Amex consents, the Commission will:

- (A) by order approve such proposed rule change or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

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 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 20549. 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-94-57 and should be submitted by February 2, 1995.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-815 Filed 1-11-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-35190; File No. SR-CBOE-94-50]

Self-Regulatory Organizations; Notice of Filing and Order Granting Partial Accelerated Approval of a Proposed Rule Change and Amendment No. 1 to the Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to As-Of-Add Submissions

January 3, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ('Act'),¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 1, 1994, the Chicago Board Options Exchange, Inc. ("CBOE" 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 Exchange. The Exchange subsequently filed Amendment No. 1 to the proposed rule change on December 23, 1994.³ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons. As discussed below, the Commission has also granted accelerated approval to a portion of the proposal.

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

The Exchange proposes to: (1) Amend CBOE Rule 2.26 so as to place a ceiling on the monthly fees members pay for submitting trade information under Exchange Rule 6.51⁴ after the trade date (each an "as-of-add") on more than a stated maximum percentage of their monthly trades and to enable the Exchange to suspend the rule in exigent circumstances; and (2) amend CBOE Rule 17.50(g) to include a fine schedule

¹ 15 U.S.C. 78s(b)(1) (1988).

² 17 CFR 240.19b-4 (1991).

³ In Amendment No. 1 to the proposal, the Exchange proposes to change the fine schedule as proposed under CBOE Rule 17.50(g) in two ways. First, as amended, a fine will be assessed whenever the as-of-add (as defined herein) submissions of an individual member or a clearing member equals or exceeds 300% of that member's maximum nominal as-of-add rate for two, rather than three, consecutive months. Second, fines will be imposed with reference to a rolling 12-month period, rather than within a calendar year. In Amendment No. 1, the Exchange also requests accelerated approval of the proposed rule change. See Letter from Dan Schneider, Schiff Hardin & Waite, to Sharon Lawson, Assistant Director, Office of Market Supervision ("OMS"), Division of Market Regulation ("Division"), Commission, dated December 21, 1994 ("Amendment No. 1").

⁴ Among other things, Rule 6.51 requires that each transaction be immediately reported to the Exchange in a form and manner prescribed by the Exchange. See Rule 6.51(a).