

the immediately preceding last sale. The "pair off" transaction is reported to the consolidated last-sale reporting system as "stopped stock."¹

Currently, members may enter MOC orders until 4:00 p.m. when trading closes. MOC orders that are entered through the Exchange's order routing systems, PER and AMOS, can have a disruptive effect on the market when they are entered very shortly before the close. Under these circumstances it can take several minutes for the specialist to ascertain whether an imbalance exists and to pair off buyers and sellers, with the result that the executed MOC transactions do not print until after the close. When this happens, it becomes difficult for market participants to ascertain the closing price of a security in a timely fashion.²

To address this concern, the Exchange is proposing an amendment to Commentary .02 to Exchange Rule 109 to provide for a 3:50 p.m. cut-off time for MOC orders entered through PER or AMOS on both expiration and non-expiration days. After this time, no MOC order could be entered or reduced in size via AMEX systems. MOC orders may still be entered, modified, or canceled until 4:00 p.m. other than through the automated systems. The Exchange expects that this proposed change will enable specialists to more efficiently execute and report MOC orders.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)(5) of the Act in that it is designed to prevent fraudulent and manipulative acts and practices and to perfect the mechanism of a free and open market.

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.

¹ A "stopped stock" transaction is one in which a floor broker or specialist pairs-off buy and sell market-at-the-close orders when holding those orders simultaneously in the same stock.

² The closing price is the price at which the MOC orders were executed. Telephone conversation with Stuart Diamond and Linda Tarr, Amex, and Glen Barentine and Jennifer Choi, SEC, on March 7, 1995.

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 35 days of the publication of this notice in the **Federal Register** or within such other period (i) as the Commission may designate up to 90 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 self-regulatory organization consents, the Commission will:

(A) By order approve the 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 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 Exchange. All submissions should refer to File No. SR-Amex-95-09 and should be submitted by April 11, 1995.

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

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-35488; File No. SR-Amex-94-46]

Self-Regulatory Organizations; American Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to Qualification Examinations Administered by the Exchange and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 1

March 14, 1995.

On October 25, 1994, the American Stock Exchange, Inc. ("Amex" 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 update and revise its examinations to conform them to new rules and procedures.³ On March 10, 1995, the Amex submitted Amendment No. 1 to the above referenced rule filing.⁴ The proposed rule change includes the contents of the qualification examinations and related materials.

The proposed rule change was published for comment in Securities Exchange Act Release No. 35016 (November 29, 1994), 59 FR 62428 (December 5, 1994). No comments were received on the proposal.

The Amex administers six qualification examinations: the Qualification Examination for Regular Members, the Qualification Examination for Options Principal Members ("OPMs"), the Put and Call Stock Option Examination, the Put and Call Option Questionnaire for Listed Personnel, the Specialist Examination and the Registered Equity Trader and Registered Equity Market Maker Examination. All six examinations are specifically designed for Amex membership applicants in order to test the applicant's knowledge in a variety of areas, including general trading principles and procedures as well as specific Amex rules and policies.

Pursuant to Amex Rule 50(a) every applicant for regular and options

¹ 15 U.S.C. 78s(b)(1) (1988).

² 17 CFR 240.19b-4 (1994).

³ The proposed rule change was filed pursuant to the SEC's position that all qualification examinations administered by the Exchange be filed with the Commission. See Securities Exchange Act Release No. 17258 (October 30, 1980), 45 FR 73906. See also letter from Brandon Becker, SEC, to Gordon L. Nash, Amex, dated March 5, 1991.

⁴ See letter from Janice Stroughter, Director of Hearings and Special Counsel Legal & Regulatory Policy, Amex, to Amy Bilbija, Attorney, Commission, dated March 9, 1995. In Amendment No. 1 the Amex made several clarifications and corrections to three of the six exams filed with the Commission.

principal membership must pass a qualifying examination prior to undertaking any active duties on the Floor. As a result, regular members, who may trade stocks and options, take both the Qualifying Examination for Regular Floor Members and the Put and Call Stock Option Examination. OPMs, who are prohibited from trading equities, take the Qualifying Examination for OPMs and the Put and Call Stock Option Examination. Limited Trading Permit Holders⁵ take the Qualifying Examination for OPMs and the Put and Call Stock Option Examination.

Commentary .01 to Exchange Rule 50(a) requires that a regular member who applies to register as a specialist and a regular or OPM member who applies to register as a registered floor trader must also pass an examination. Specialists take the Specialist Examination. Registered floor traders take the Registered Equity Trader and Registered Equity Market Maker Examination.

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, and, in particular, with the requirements of Sections 6(b)(5) and 6(c)(3)(B).⁶ Section 6(b)(5) requires, among other things, that the rules of an exchange be designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and national market system, and, in general, to protect investors and the public interest. Section 6(c)(3)(B) provides that a national securities exchange may examine and verify the qualifications of an applicant to become a person associated with a member in accordance with procedures established by the rules of the exchange, and may require any person associated with a member, or any class of such persons, to be registered with the exchange in accordance with procedures so established.

The Commission also believes that the proposed rule change is consistent with Section 15(b)(7) of the Act⁷ which stipulates that prior to effecting any transaction in, or inducing the purchase or sale of any security, a registered

broker or dealer must meet certain standards of operational capability, and that such broker or dealer must meet certain standards of training, experience, competence, and such other qualifications as the Commission finds necessary or appropriate in the public interest or for the protection of investors.

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 at the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, DC 20549. 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-94-46 and should be submitted by April 11, 1995.

Finally, the Commission finds good cause for approving Amendment No. 1 prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register**. The Commission believes that accelerated approval of the proposal is appropriate in order to allow the Amex to begin utilizing the exams, as corrected. Further, the use of the six qualification exams has been noticed previously in the **Federal Register** for the full statutory period and the Commission did not receive any comments on it.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁸ that the proposed rule change (SR-Amex-94-46) is approved.

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

Jonathan G. Katz,
Secretary.

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[Release No. 34-35491; File No. SR-DGOC-94-06]

Self-Regulatory Organizations; Delta Government Options Corp.; Notice of Proposed Rule Change Relating to Implementing New Procedures Allowing for the Clearance and Settlement of Repurchase Transactions and Reverse Repurchase Transactions

March 15, 1995.

Pursuant to Section 19 (b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on October 31, 1994, Delta Government Options Corp. ("DGOC") 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 primarily by DGOC. On December 9, 1994, January 10, 1995, January 24, 1995, February 13, 1995, and March 3, 1995, DGOC filed amendments to the proposed rule change.² 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

DGOC is proposing amendments to its Procedures that will insert new procedures allowing for the establishment of a clearance and settlement system for repurchase agreements ("repos") and reverse repurchase agreements ("reverse repos"). Standards for participation, financial requirements, financial reports, audits, admission procedures, withdrawal of a participant(s), and such other standards as described in these new procedures are similar to DGOC's existing procedures and have been modified only insofar as they reflect repos and reverse repos.

¹ 15 U.S.C. 78s(b)(1) (1988).

² Letters from Barry E. Silverman, President, DGOC, to Jerry Carpenter, Assistant Director, Securities Processing Regulation, Division of Market Regulation ("Division"), Commission, (December 16, 1994); Barry E. Silverman, President, DGOC, to Jerry W. Carpenter, Assistant Director, Office of Securities Regulation ("OSPR"), Division, Commission (January 9, 1995); Kathryn V. Natale, Morgan, Lewis & Bockius, to Jerry W. Carpenter, Assistant Director, Division, Commission, (January 20, 1995); Kathryn V. Natale, Morgan, Lewis & Bockius, to Jerry W. Carpenter, Assistant Director, Division, Commission (February 10, 1995); and Barry Silverman, President, DGOC, to Christine Sibille, Senior Counsel, OSPR, Division, Commission (March 2, 1995).

⁵ This type of member may execute on the Floor transactions in options and other derivative products initiated by him for his own account and may give orders for such securities for his own account to regular members for execution provided, however, that this type of member may not trade in individual stock options listed on the Exchange. See Amex Constitution, Article IV §1(j)(3).

⁶ 15 U.S.C. 78f(b)(5) & (c)(3)(B) (1988).

⁷ 15 U.S.C. 78o(b)(7) (1988).

⁸ 15 U.S.C. 78s(b)(2) (1988).

⁹ 17 CFR 200.30-3(a)(12) (1994).