confidential information to another party without authorization.

New Subsection 55(f) sets forth the goal of mediation—to explore and come to a good faith settlement of an outstanding dispute without resort to adversarial adjudication. This Subsection also permits parties to negotiate directly outside the mediation process.

New Subsection 55(g) provides that mediation is intended to be private and confidential. This Subsection obligates the parties and the mediator not to disclose or otherwise communicate anything disclosed during the mediation in any other proceeding, unless authorized by all other parties to the mediation. The Subsection permits disclosure if compelled by law, which provides for situations when a party is subpoenaed or when there are regulatory requirements, such as the disclosures required in Form U–4 or under Article IV, Section 5 of the Rules of Fair Practice.[13] This Subsection also provides expressly that the fact that a mediation occurred is not confidential.

New Subsection 55(g) also makes clear that the confidentiality provisions will not operate to shield from disclosure documentary or other information that the Association or any other regulatory authority would be entitled to obtain or examine in the exercise of its regulatory responsibilities. Accordingly, the fact that documentary or other information had been disclosed during the course of a mediation would not render it confidential or shield it from disclosure to the NASD or an opposing party in civil litigation where it otherwise would be available to these parties.

In addition, the Subsection bars the mediator from disclosing one party's confidential information to another party without authorization, which memorializes a standard practice of mediators.

The Commission finds that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act[14] because the rule change will protect investors and the public interest by providing a voluntary alternative to adversarial adjudication of disputes that may result in lower-cost, quicker resolution of disputes. The proposed rule change approved today provides a forum for a non-binding discussion by all interested parties, and a form of dispute resolution that can be more effective than direct negotiations and that increases the likelihood of early settlement of a dispute at cost savings.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that File No. SR–NASD–95–25 be, and hereby is, approved, effective August 1, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority, 17 CFR 200.30–3(a)(12).

Margaret H. McFarland,

Deputy Secretary.

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BILLING CODE 8010–01–M

[13] NASD Manual, Rules of Fair Practice, Art. IV, Sec. 5 (CCH) ¶ 2205.

[14] 15 U.S.C. 78*o*–3.

[(Release No. 34–36000; File No. SR–CHX–95–16)]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Stock Exchange, Incorporated Relating to the Trading Floor Dress Code

July 20, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on July 6, 1995, the Chicago Stock Exchange, Incorporated (''CHX'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change, and amended such proposed rule change on July 12, 1995,[2] 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 add interpretation and policy .03 to Rule 3 of Article XII of the Exchange's rules relating to the Exchange's dress code.

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.

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

1. Purpose

Article XII, Rule 3, interpretation and policy .01, provides that violations of the Exchange's dress code are Class B violations of the exchange's decorum rules.[3] The CHX dress code, which has been in existence for many years, is not codified in the Exchange's rules. The purpose of the proposed rule change is to incorporate the existing CHX dress code into the Exchange's rules as a formal interpretation and policy.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)(5) of the Act[4] in that it is designed to promote just and equitable principles of trade, to remove impediments and to perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. The proposed rule change also is consistent with Section 6(b)(6) of the Act[5] in that it will assist the Exchange in appropriately disciplining its members and persons associated with its members for violations of the rules of the Exchange.

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

The Exchange believes the proposed rule change will impose no 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 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 meaning, administration, or enforcement of an existing rule of the Exchange and, therefore, has become

[1] 15 U.S.C. 78s(b)(1).

[2] Amendment No. 1 corrected a citation in the original filing to one of the Exchange's rules and referenced Section 6(b)(6) of the Act as a statutory basis for the proposed rule change. See letter from David T. Rusoff, Esq., Foley & Lardner, to Glen Barrentine, Senior Counsel, Division of Market Regulation, SEC (July 11, 1995).

[3] Chicago Stock Ex. Guide (CCH) ¶1613 (Sept. 1994). A member whose violative conduct is classified as a Class B offense may be fined summarily an amount not to exceed $100.

[4] 15 U.S.C. 78f(b)(5).

[5] 15 U.S.C.78f(b)(6).

effective pursuant to Section 19(b)(3)(A) of the Act[6] and subparagraph (e) of Rule 19b–4 thereunder.[7] At any time within 60 days of the filing of such 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, 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 also will be available for inspection and copying at the principal office of the Chicago Stock Exchange. All submissions should refer to File No. SR–CHX–95–16 and should be submitted by August 16, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[8]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–18339 Filed 7–25–95; 8:45 am]

BILLING CODE 8010–01–M

[Release No. 34–35999; File No. SR–Phlx–95–41]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change by Philadelphia Stock Exchange, Inc. Relating to Reducing the Value of the Semiconductor Index

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 June 5, 1995, the Philadelphia Stock Exchange, Inc. (''Phlx'' 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 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 Phlx proposes to reduce the value of its Semiconductor Index (''Index'') option (''SOX'') to one-half its present value.[1] The Index is a price-weighted industry index designed by the Exchange, composed of 16 highly capitalized and widely held stocks representing the semiconductor industry. The other contract specifications for the SOX remain unchanged.

The text of the proposed rule change is available at the Office of the Secretary, Phlx and at the Commission.

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 Phlx 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 Phlx has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

The Exchange began trading the SOX in September , 1994.[2] The Index value was created with a value of 200 on its base date of December 1, 1993, which rose to 237 in July, 1994, shortly before the time it began trading on the Phlx. Currently, the index value is 427 (on May 31, 1995). Thus, the value has doubled over the course of less than two years. Consequently, the premium for SOX options has also risen.

As a result, the Exchange proposes to conduct a ''two-for-one split'' of the Index, such that the value would be reduced by one-half. The number of SOX contracts will be doubled, such that for each SOX contract currently held, the holder would receive two contracts at the reduced value, with a strike price one-half of the original strike price. For instance, the holder of a 290 SOX call will receive two 145 SOX calls. In addition to the strike price being reduced by one-half, the position and exercise limits applicable to the SOX will be doubled, from 7,500 contracts to 15,000 contracts until the last expiration then trading.[3] This procedure is similar to the one employed respecting equity options where the underlying security is subject to a two-for-one stock split. The trading symbol will remain as SOX.

In conjunction with the split, the Exchange will list strike prices surrounding the new, lower index value, pursuant to Phlx Rule 1101A. The Exchange will announce the effective date by way of an Exchange memorandum to the membership, also serving as notice of the strike price and position limit changes.

The purpose of the proposal is to attract additional liquidity to the product in those series that public customers are most interested in trading. For example, a near-term, at-the-money call option series currently trades at approximately $1,200 per contract. The Exchange believes that certain investors and traders may currently be impeded from trading at such levels. With the Index split, that same option series (once adjusted), with all else remaining equal, could trade at approximately $600 per contract. The Exchange believes that this reduced premium value should encourage additional investor interest.

The Exchange believes that SOX options provide an important opportunity for investors to hedge and speculate upon the market risk associated with the underlying semiconductor stocks. By reducing the value of the Index, such investors will be able to utilize this trading vehicle, while extending a smaller outlay of capital.

The Exchange believes that the proposed rule change is consistent with Section 6 of the Act in general, and in particular, with Section 6(b)(5), in that it is designed to promote just and equitable principles of trade, as well as

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[6] 15 U.S.C. 78s(b)(3)(A).

[7] 17 CFR 240.19b–4.

[8] 17 CFR 200.30–3(a)(12).

[1] The Exchange will accomplish this reduction in value by doubling the divisor used in calculating the Index. Telephone conversation between Edith Hallahan, Special Counsel, Regulatory Services, Phlx, and James T. McHale, Attorney, Office of Market Supervision (''OMS''), Division of Market Regulation (''Division''), Commission, on July 12, 1995.

[2] Securities Exchange Act Release No. 34546 (August 18, 1994), 59 FR 43881 (August 25, 1994).

[3] According to the Exchange, this will be in March, 1996. Telephone conversation between Edith Hallahan, Special Counsel, Regulatory Services, Phlx, and James T. McHale, Attorney, MOS, Division, Commission, on July 19, 1995.