

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

Jonathan G. Katz,  
Secretary.

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[Release No. 34-36340; File No. SR-MBSCC-95-06]

**Self-Regulatory Organizations; MBS Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Modifications to the Message Processing Fees for the Electronic Pool Notification Service**

October 5, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> notice is hereby given that on September 11, 1995, MBS Clearing Corporation ("MBSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-MBSCC-95-06) as described in Items I, II, and III below, which items have been prepared primarily by MBSCC. 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 purpose of the proposed rule change is to modify the original notification message processing fees for the Electronic Pool Notification ("EPN") Service.

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

In its filing with the Commission, MBSCC 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. MBSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.<sup>2</sup>

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

The purpose of the proposed rule change is to modify the message processing fees for the EPN Service. Specifically, the proposed rule change seeks to modify the fees set forth in MBSCC's EPN Schedule of Charges to send or receive an original notification EPN message. The current fee to send or receive an original notification EPN message is \$.75/million current face. MBSCC proposed to replace the current fee with a fee scale in which the fees are based on whether a message is sent or received and the time that the message is communicated.<sup>3</sup>

The new fees to send an original notification EPN message are as follows: \$.25/million current face (8:00 a.m. to 1:00 p.m.); \$1.25/million current face (1:00 p.m. to 2:00 p.m.); \$1.50/million current face (2:00 p.m. to 3:00 p.m.); and \$1.25/million current face (3:00 p.m. to 5:00 p.m.). The new fees to receive an original notification EPN message are as follows: \$.50/million current face (8:00 a.m. to 1:00 p.m.); \$.25/million current face (1:00 p.m. to 2:00 p.m.); \$.25/million current face (2:00 p.m. to 3:00 p.m.); and no charge (3:00 p.m. to 5:00 p.m.). EPN users will be charged for original notification EPN messages at the new rates for messages communicated on or after October 12, 1995.

MBSCC believes the proposed rule change is consistent with the requirements of the Act, specifically with Section 17A of the Act, and the rules and regulations thereunder because the proposal provides for the equitable allocation of dues, fees, and other charges among MBSCC's participants.

**(B) Self-Regulatory Organization's Statement on Burden on Competition**

MBSCC does not believe that the proposed rule change will have an impact on or impose a burden on competition.

**(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others**

MBSCC advised its User Committee of the proposed rule change at a meeting held on May 31, 1995. No written comments relating to the proposed rule

change have been received. MBSCC will notify the Commission of any written comments received by MBSCC.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii)<sup>4</sup> of the Act and pursuant to Rule 19b-4(e)(2)<sup>5</sup> promulgated thereunder because the proposal establishes or changes a due, fee, or other charge imposed by MBSCC. At any time within sixty days of the filing of such 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 N.W., Washington, D.C. 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 provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room, 450 Fifth Street N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of MBSCC. All submissions should refer to File No. SR-MBSCC-95-06 and should be submitted by November 3, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>6</sup>

Jonathan G. Katz,  
Secretary.

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

<sup>2</sup> The Commission has modified the text of the summaries submitted by MBSCC.

<sup>3</sup> MBSCC is instituting the new fee scale to encourage a more evenly distributed use of the EPN Service throughout the day and thereby facilitate a more balanced distribution of daily information processing.

<sup>4</sup> 15 U.S.C. 78s(b)(3)(A)(ii) (1988).

<sup>5</sup> 17 CFR 240.19b-4(e)(2) (1994).

<sup>6</sup> 17 CFR 200.30-3(a)(12) (1994).

[Release No. 34-36341; File No. SR-Phlx-95-51]

**Self-Regulatory Organizations;  
Philadelphia Stock Exchange, Inc.;  
Order Granting Approval To Proposed  
Rule Change and Notice of Filing and  
Order Granting Accelerated Approval  
of Amendment No. 1 To Proposed Rule  
Change Relating to Employee Trading  
Accounts**

October 5, 1995.

On July 17, 1995, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") submitted to the Securities and Exchange Commission ("Commission"), 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> a proposed rule change to increase the requirements placed on securities trading accounts of employees of member and participant organizations.

The proposed rule change was published for comment in the Federal Register on August 18, 1995.<sup>3</sup> No comments were received on the proposal. On September 14, 1995, the Phlx submitted Amendment No. 1 to the proposed rule change.<sup>4</sup> This order approves the proposed rule change. Also, Amendment No. 1 is approved on an accelerated basis.

Currently, Phlx Rule 751 requires a member organization to obtain prior written approval from the Business Conduct Committee ("BCC") before it can take or carry an account of a clerk entitled to access to the Floor of the Exchange. The current rule applies to floor clerks only and does not require that the clerks' employers be informed of their employees' trading accounts.

By amending Phlx Rule 751, the Exchange proposes to increase the safeguards placed on securities trading accounts of employees of member and participant organizations.<sup>5</sup> Specifically, the proposed amendment would expand the Rule's coverage to include all employees associated with a member or participant organization; require the

employer to consent in writing before such an account may be taken or carried by a member or participant organization; and require the member or participant organization that carries the account to provide the employer with duplicates of the employees' confirmation reports and trading account statements. The proposed amendment also would impose an obligation on employees who open trading accounts with a nonmember to make arrangements to provide their employers with duplicate confirmation reports and trading account statements. By increasing the employers' awareness of its employees' trading patterns through the use of employer consent and duplicate records relating to the account, the Exchange believes that member and participant organizations will be able to supervise their employees more effectively.

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 Section 6(b).<sup>6</sup> Specifically, the Commission believes the proposal is consistent with the Section 6(b)(5)<sup>7</sup> requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, and, in general, to protect investors and the public. The proposed amendments to Phlx Rule 751 should facilitate the supervisory efforts of a member or participant organization by providing it with information regarding its employees' private securities transactions. In addition, the proposed amendments should reveal existing and potential conflicts of interest as well as alert a member or participant organization when additional surveillance could be appropriate.

The Commission also considers the proposed rule change to be consistent with Section 6(b)(1)<sup>8</sup> requirement that an exchange have the capacity to enforce compliance by its members and persons associated with its members with the Act, the rules thereunder, and the rules of the exchange. The proposed amendments should assist member and participant organizations in monitoring transactions by their employees that may violate the Act or the rules of the Exchange.

For the same reasons, the Commission also finds that it is consistent with the

Act to expand the coverage of Phlx Rule 751 to include all of the employees of member and participant organizations.

The Commission finds good cause for approving proposed Amendment No. 1 prior to the thirtieth day after the date of publication of notice of filing thereof in the Federal Register. The Amendment merely addresses the situation of when an employee opens a trading account with a nonmember, thereby foreclosing a potential loophole in the Rule. Also, the Amendment conforms the proposal to similar rules of other self-regulatory organizations.<sup>9</sup> For these reasons, the Commission finds good cause for accelerating approval of the proposed rule change, as amended.

Interested persons are invited to submit written data, views, and arguments concerning Amendment No. 1. 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 Philadelphia Stock Exchange. All submissions should refer to File No. SR-Phlx-95-51 and should be submitted by November 3, 1995.

It therefore is ordered, pursuant to Section 19(b)(2) of the Act,<sup>10</sup> that the proposed rule change (SR-Phlx-95-51), including Amendment No. 1, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority,<sup>11</sup>

Jonathan G. Katz,  
Secretary.

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<sup>9</sup> See Securities Exchange Act Release Nos. 33306 (Dec. 9, 1993), 58 FR 65603 (approving amendments to American Stock Exchange Rule 415) and 30744 (May 27, 1992), 57 FR 24075 (approving amendments to New York Stock Exchange Rule 407).

<sup>10</sup> 15 U.S.C. 78s(b)(2).

<sup>11</sup> 17 CFR 200.30-3(a)(12).

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

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

<sup>3</sup> Securities Exchange Act Release No. 36096 (Aug. 11, 1995), 60 FR 43177.

<sup>4</sup> See letter from Gerald O'Connell, First Vice President, Phlx, to Glen Barrentine, Team Leader, SEC (Sept. 14, 1995). In Amendment No. 1, the Phlx added to the Rule a requirement that an employee of a member or participant organization who opens a securities trading account with a nonmember make arrangements for his employer to receive duplicate confirmation reports and monthly trading account statements.

<sup>5</sup> A member organization includes member firms and member corporations. A participant organization refers to foreign currency options participant organizations.

<sup>6</sup> 15 U.S.C. 78f(b).

<sup>7</sup> 15 U.S.C. 78f(b)(5).

<sup>8</sup> 15 U.S.C. 78f(b)(1).