

futures and forward contracts also have widened.

### III. Discussion

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, the requirements of Section 6(b)(5)<sup>5</sup> that the rules of an exchange be designed to promote just and equitable principles of trade, prevent fraudulent and manipulative acts, and, in general, protect investors and the public interest by providing a more efficient and competitive market for foreign currency options.

The Commission believes that the recent significant rise in the value of the yen in relation to the U.S. dollar justifies amending the present applicable quote spread parameters. As the Japanese yen spot value (in relation to the U.S. dollar) has increased, the U.S. dollar value of each yen option contract likewise has increased. However, the quote spread parameters have not previously been adjusted to account for this movement. Setting Japanese yen option quote spread parameters as proposed by the Phlx should continue to facilitate tightly quoted markets without impairing Phlx market makers' ability to provide market depth and liquidity. In addition, the new quote spread parameters should allow the Phlx and Phlx Japanese yen option market makers to compete more effectively with similar over-the-counter-based products.

Finally, the Commission notes that under Phlx Rule 1014, "Obligations and Restrictions Applicable to Specialists and Registered Options Traders," Japanese yen market makers are required to maintain a fair and orderly market and are not permitted to enter into transactions or make bids or offers that are inconsistent with such obligations. Accordingly, the Commission expects the Phlx to monitor trading in Japanese yen options affected by the proposal to ensure that there is adequate market activity in those series and to ensure that market makers are meeting their obligations to maintain fair and orderly markets.

### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>6</sup> that the proposed rule change (SR-Phlx-95-47) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

Margaret H. McFarland,

*Deputy Secretary.*

[FR Doc. 95-29776 Filed 12-6-95; 8:45 am]

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**[Release No. 34-36535; File No. SR-AMEX-95-38]**

### **Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 to Proposed Rule Change by the American Stock Exchange, Inc. Relating to Transactions in Currency Warrants by Registered Options Traders**

November 30, 1995.

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 September 22, 1995, the American Stock Exchange, Inc. ("Amex" or "Exchange") 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 by the self-regulatory organization. On September 26, 1995, the Amex filed Amendment No. 1 ("Amendment No. 1") to the proposal.<sup>1</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The Amex proposes to amend Commentary .12 to Amex Rule 111 (Restrictions on Registered Traders), Commentary .14 to Rule 114 (Registered Equity Market Makers) and Commentary .10 to Rule 958 (Options Transactions of Registered Traders) to provide that proprietary transactions on the Floor in currency warrants shall be governed by, and affected in accordance with, Rule 958. The text of the proposed rule change is available at the Office of the Secretary, Amex 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 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.

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

##### **1. Purpose**

The Amex proposes to amend Commentary .12 to Rule 111 (Restrictions on Registered Traders), Commentary .14 to Rule 114 (Registered Equity Market Makers) and Commentary .10 to Rule 958 (Options Transactions of Registered Traders) to provide that proprietary transactions on the Amex Floor in currency warrants, shall be governed by, and effected in accordance with, Rule 958.

In 1992, the Exchange amended its rules to permit regular members to register as a Registered Trader under Rule 958 to engage in supplemental market making activity in stock index warrants and certain other non-options derivative products.<sup>2</sup> The Exchange enacted these changes to conform its rules to those of other markets, and to provide additional liquidity to the market for the Exchange's Portfolio Depositary Receipts and LOR SuperUnits. Due to the limited purpose of the 1992 rule changes, the Exchange did not seek at that time to extend this treatment to the trading of listed currency warrants by ROTs.

At present, currency warrants are traded on the Floor by Registered Equity Market Makers ("REMMs") under the Exchange's equity trading rules, pursuant to the provisions of Rule 114 (which includes applicable provisions of Rule 111). Under the proposed rule changes, regular members wishing to engage in supplemental market making activity in currency warrants may register as Registered Traders under Rule 958, and would trade for their own account in such securities pursuant to the provisions of that Rule.

In contrast to REMMs trading pursuant to Rules 111 and 114, Rule 958 imposes continuous affirmative market making obligations upon Registered Traders.<sup>3</sup> In recognition of this, such

<sup>2</sup> See Securities Exchange Act Release No. 30768 (June 2, 1992). A Registered Trader under Rule 958 is also referred to as a Registered Options Trader ("ROT").

<sup>3</sup> Moreover, due to the derivative pricing of currency warrants, the Exchange believes it is

Continued

<sup>5</sup> 15 U.S.C. 78f(b)(5) (1988).

<sup>6</sup> 15 U.S.C. 78s(b)(2) (1988).

<sup>7</sup> 17 CFR 200.30-3(a)(12) (1993).

<sup>1</sup> See Letter from William Floyd-Jones, Assistant General Counsel, Amex, to Stephen M. Youhn, SEC, dated Sept. 26, 1995. The amendment renumbers two rule provisions that were misstated in the original filing.

market makers are designated as Specialists on the Exchange for all purposes under the Act (See Rule 958, Commentary .01), and are entitled to good faith market maker margin with respect to transactions on the Floor in these assigned securities. The Exchange anticipates that application of Rule 958 requirements to supplemental Exchange market makers will encourage additional competing market maker activity in currency warrants, thereby enhancing liquidity in such securities, and eliminate an anomalous regulatory disparity between currency warrant and stock index warrant trading.

## 2. Statutory Basis

The Exchange believes 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 is designed to prevent fraudulent and manipulative acts and practices and to promote just and equitable principles of trade, and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers.

### *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 written comments on the proposed rule change.

## 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.

inappropriate to apply the stabilization requirements applicable to REMMs to market maker transactions in currency warrants.

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 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, D.C. 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-95-38 and should be submitted by December 28, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>4</sup>

Margaret H. McFarland,  
Deputy Secretary.

[FR Doc. 95-29777 Filed 12-6-95; 8:45 am]

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[Release No. 34-36536; File No. SR-NASD-95-48]

## **Self-Regulatory Organizations; Order Approving Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to Non-Member Subscriber Deposits for Nasdaq Level 2/3 Service and Equipment**

November 30, 1995.

### I. Introduction

On October 11, 1995, the National Association of Securities Dealers, Inc. ("NASD" or "Association") submitted to the Securities and Exchange Commission ("SEC" or "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 revise the non-member subscriber deposit requirements contained in Part VIII, Paragraph G.1. and 2. of Schedule D to the NASD By-Laws.<sup>3</sup> The proposed rule

<sup>4</sup> 17 CFR 200.30-3(a)(12) (1994).

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

<sup>2</sup> 17 CFR 240.19b-4 (1991).

<sup>3</sup> The Commission also received a separate, yet identical proposed rule change relating to member subscriber deposits for Nasdaq Level 2/3 service and equipment which became effective upon receipt by the Commission pursuant to Section 19(b)(3)(A) of the Act and subparagraph (e) of Rule

change reflects increased charges for the provision of telecommunications services and equipment and broadens the language to encompass the various fees associated with these services and equipment.

Notice of the proposed rule change appeared in the Federal Register on October 26, 1995.<sup>4</sup> No comment letters were received on the proposal. The Commission is approving the proposed rule change.

## II. Description of Proposal

The proposed rule change reflects increased charges for the provision of telecommunications services underlying Nasdaq Workstation II service, and clarifies the various component functions encompassed within the circuit installation fee so that the true nature of the charge is made clear to new subscribers. These requirements would pertain only to new subscribers or existing subscribers that have defaulted on the payment of their charges.

This proposed rule change applies to subscribers who are not NASD members. A companion filing, which applies the proposed rule change to member subscribers, was filed separately for immediate effectiveness.<sup>5</sup>

The NASD represents that the subscriber deposit requirement helps hedge against uncollected balances owed by firms for Level 2/3 or Nasdaq Workstation equipment. The subscriber deposit in part represents actual expenses incurred by The Nasdaq Stock Market, Inc. as obligations to telecommunications providers.

## III. Discussion

The Commission believes that the proposed rule change is consistent with the Act and the rules and regulations promulgated thereunder. Specifically, the Commission believes that approval of the proposed rule change is consistent with sections 15A(b)(5),<sup>6</sup>

19b-4 thereunder because it established or changed a due, fee or other charge imposed by the NASD on its members. Securities Exchange Act Release No. 36396 (October 20, 1995), 60 FR 54896.

<sup>4</sup> Securities Exchange Act Release No. 36397 (October 20, 1995), 60 FR 54897.

<sup>5</sup> See *supra* note 3.

<sup>6</sup> Section 15A(b)(5) requires the Commission to determine that a registered national securities association's rules provide for the equitable allocation of reasonable dues, fees, and other charges among members and issuers and other persons using any facility or system which the association operates or controls.