

Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., 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, D.C. 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-95-49 and should be submitted by January 10, 1996.

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

Jonathan G. Katz,
Secretary.

[FR Doc. 95-30856 Filed 12-19-95; 8:45 am]
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[Release No. 34-36588; File No. SR-CBOE-95-63]

Self-Regulatory Organizations; Order Granting Approval to Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to Adoption of Rule 9.24 and an Interpretation With Respect to Proposed Rule 9.24

December 13, 1995.

I. Introduction

On October 19, 1995, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") submitted to the Securities and Exchange Commission ("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 adopt new Rule 9.24 and to add Interpretation and Policy .01 thereunder with respect to the meaning and administration of proposed Rule 9.24.

The proposed rule change appeared in the Federal Register on November 9, 1995.³ No comments were received on

the proposed rule change. This order approves the CBOE's proposal.

II. Description

The proposed rule would require members and member organizations that engage in telephone solicitations to maintain a centralized list of persons who do not wish to receive telephone solicitations, and to refrain from making telephone solicitations to persons named on such list. The CBOE's proposal would also add an interpretation concerning the meaning and administration of proposed Rule 9.24 as well as serve as a reminder⁴ that members and member organizations are subject to compliance with the relevant Federal Communications Commission ("FCC") and Commission rules relating to telemarketing practices.⁵

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, with the requirements of Section 6(b).⁶ Specifically, the Commission believes that the proposal is consistent with the Section 6(b)(5) requirement that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices. Proposed Rule 9.24 and the interpretation thereunder require a specific practice, the maintenance of a do-not-call list. The purpose of maintaining such a list is to prevent members and member organizations from engaging in such manipulative acts as persistently calling investors who have expressed a desire not to receive telephone solicitations.

The Commission also believes that the proposal is consistent with the Section 6(b)(5) requirement that the rules of an exchange be designed to protect investors and the public interest. Proposed Rule 9.24 and the interpretation thereunder protect

⁴ The Commission notes that the CBOE intends to include this Interpretation in a Circular that will be distributed to members and member organizations.

⁵ Pursuant to the Telephone Consumer Protection Act (1991), the FCC developed rules to protect the rights of telephone consumers while allowing legitimate telemarketing practices. The FCC rules include a requirement that a person or entity making telephone solicitations must maintain a do-not-call list. In addition, the Telemarketing and Consumer Fraud and Abuse Prevention Act (1994) ("Prevention Act"), requires the Federal Trade Commission ("FTC") to adopt rules on abusive cold calling. The Prevention Act also requires the Commission to engage in its own rulemaking or, alternatively, to require the self-regulatory organizations to promulgate telemarketing rules consistent with the legislation.

⁶ 15 U.S.C. 78f(b) (1988).

investors and the public interest by enforcing members' and member organizations' compliance with investors' desire not to receive such calls. In addition, the proposed interpretation reminds members and member organizations that they are subject to the requirements of the rules of the FCC and the Commission relating to telemarketing practices and the rights of telephone consumers.

IV. Conclusion

For the foregoing reasons, the Commission finds that the CBOE's proposal to adopt a new rule concerning telephone solicitation and record-keeping is consistent with the requirements of the Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁷ that the proposed rule change (SR-CBOE-95-63) is approved.

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

Jonathan G. Katz,
Secretary.

[FR Doc. 95-30909 Filed 12-19-95; 8:45 am]
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[Release No. 34-36590; File No. SR-CHX-95-24]

Self-Regulatory Organizations; Chicago Stock Exchange, Incorporated; Order Granting Approval to Proposed Rule Change Relating to Agency Crosses Between the Disseminated Exchange Market

December 13, 1995.

On October 11, 1995, the Chicago Stock Exchange, Incorporated ("CHX" 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 relating to the execution of agency cross transactions at a price between the disseminated Exchange market.³ On October 17, 1995, the Exchange submitted Amendment No. 1 to the proposed rule change.⁴

⁷ 15 U.S.C. 78s(b)(2) (1988).

⁸ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. § 78s(b)(1).

² 17 CFR 240.19b-4.

³ In a cross transaction, a member or member organization that holds an order to buy and an order to sell an equivalent amount of the same security executes the orders against each other.

⁴ See letter from David Rusoff, Foley & Lardner, to Glen Barrentine, Team Leader, SEC, dated

¹ 15 U.S.C. 78s(b)(1) (1988).

² 17 CFR 240.19b-4 (1994).

³ See Securities Exchange Act Release No. 36455 (November 3, 1995), 60 FR 56624 (November 9, 1995).

The proposed rule change and Amendment No. 1 were published for comment in Securities Exchange Act Release No. 36432 (Oct. 27, 1995), 60 FR 55873 (Nov. 3, 1995). No comments were received on the proposal.

Currently, Interpretation .01 to CHX Rule 23, Article XX, requires a CHX specialist to refrain from interfering with a floor-brokered agency cross⁵ of 10,000 shares or greater that is to be effected at a price between the disseminated Exchange market.⁶ The exchange proposes to amend this rule to require a CHX specialist to refrain from interfering with all floor-brokered agency crosses, *regardless of size*, at a cross price between the disseminated Exchange market. Under the Exchange's proposal, the specialist will continue to be obligated to satisfy all orders on the book with priority at the cross price.⁷ Moreover, the proposed rule change will continue to permit the specialist to participate at the cross price if the specialist is willing to provide one side of the cross with a better price or if the member presenting the cross previously solicited the specialist's assistance in consummating any part of the transaction.

The Exchange believes that the proposed rule change will increase the possibility of immediate execution for agency crosses on the Exchange, which in turn will improve the Exchange's ability to compete for order flow and enhance the depth and liquidity of the Exchange market. Moreover, the Exchange believes that the proposed rule change strikes an appropriate balance between the competing needs of various customer orders represented for execution on the Exchange and the proprietary trading operations of Exchange members and member organizations, including specialists.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder

October 13, 1995. Amendment No. 1 corrected the text of Exhibit A to the filing, which sets forth the text of the proposed rule change, by adding a sentence that had been inadvertently omitted from Exhibit A as initially filed.

⁵ For purposes of this rule, an "agency cross" is defined as a cross where neither the order to buy or sell is for the account of any member or member organization.

⁶ See Securities Exchange Act Release No. 33708 (Mar. 3, 1994), 59 FR 11339 (File No. SR-MSE-93-05) (approving a proposed rule change to require that the CHX specialist refrain from interfering with a floor-brokered agency cross of 10,000 share or more at a cross price between the disseminated Exchange market).

⁷ This requirement is to ensure that in situations where a limit order on the book has not been displayed in the quote, the specialist would be obligated to satisfy such limit orders with priority at the cross price.

applicable to a national securities exchange, and, in particular, with the requirements of section 6(b)⁸ and Section 11(a).⁹ The Commission believes the proposal is consistent with the Section 6(b)(5) 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 interest. The Commission also believes that the proposed rule change is not inconsistent with the traditional auction market principle of customer priority as embodied in Section 11(a) of the Act.

The Commission believes that the proposed rule change should further competition among the exchanges,¹⁰ as well as between the exchanges and other markets, and should increase the opportunities for the efficient execution of cross transactions without operating in a manner inconsistent with traditional auction market principles. The proposal only restricts specialists from interfering with crosses between the disseminated Exchange market under certain circumstances and continues to allow another member, including an order for the principal account of a member, to break up the cross.

The Commission believes that the proposal is not inconsistent with the auction market principles of time and price priority. As before, a member effecting a cross transaction at the prevailing bid or offer will continue to be required to obtain priority over all existing limit orders at that price and specialists will continue to be required to fill limit orders at the cross price, which have not been displayed in the quote. Moreover, the Commission believes that the proposal does not alter the safeguards provided in the current rule, which ensure that public customers are not disadvantaged. For example, the Commission notes that the proposed rule change does not change the opportunity for customer orders to receive price improvement: the specialist will continue to be allowed to participate at a better price.

Finally, the Commission does not believe that the proposed rule change will significantly reduce order interaction on the floor of the Exchange. Only a CHX specialist who does not have a displayed bid or offer at the cross price must refrain from participating in

⁸ 15 U.S.C. § 78f(b).

⁹ 15 U.S.C. § 78k(a).

¹⁰ Several exchanges have similar rules prohibiting specialists from interfering with agency crosses when the cross is at a price inside the disseminated exchange market without regard to size. See, e.g., Pacific Stock Exchange Rule 5.14(b) and Philadelphia Stock Exchange Rule 126.

a cross transaction at that price. The proposed rule change does not affect the ability of specialists to participate at a better price or the ability of other interest in the trading crowd to participate. The Commission does not expect the proposed rule change to substantially impair price discovery or market liquidity.

It is therefore ordered, pursuant to section 19(b)(2) of the Act,¹¹ that the proposed rule change (SR-CHX-95-24) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹²

Jonathan G. Katz,

Secretary.

[FR Doc. 95-30910 Filed 12-19-95; 8:45 am]

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[Release No. 34-36581; File No. SR-NYSE-95-39]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the New York Stock Exchange, Inc. Relating to Revised Listing Standards for Equity-Linked Debt Securities

December 13, 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 November 29, 1995, the New York 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. 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 NYSE proposes to amend its listing standards for Equity-Linked Debt Securities ("ELDS"). These listing standards are contained in Para. 703.21 of its Listed Company Manual. The amendments would allow the Exchange to list ELDS on securities, as described below, that have a market capitalization of \$1.5 billion or \$500 million, if such securities have annual trading volume of 10 million and 15 million shares, respectively.

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

¹¹ 15 U.S.C. 78s(b)(2).

¹² 17 CFR 200.30-3(a)(12).