the Security of the Company than is presently available on the Amex.

(2) The Company believes that the firms trading in the Security of the Company on the Amex will also be inclined to issue research reports concerning the Company, thereby increasing the number of firms providing institutional research and advisory reports regarding the Company.

Any interested person may, on or before November 7, 1996, submit by letter to the Secretary of the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, facts bearing upon whether the application has been made in accordance with the rules of the exchanges and what terms, if any, should be imposed by the Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application after the date mentioned above, unless the Commission determines to order a hearing on the matter.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 96–27095 Filed 10–22–96; 8:45 am]

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[Release No. 34–37840; File No. SR–CBOE–96–62]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Incorporated to Clarify the Requirements for Taking Orders Directly From Public Customers

October 17, 1996.

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 October 9, 1996, the Chicago Board Options Exchange, Incorporated (''CBOE'' 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 CBOE. 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 amend Rule 6.70, Floor Broker Defined, to clarify under what circumstances a floor broker may accept orders directly from public customers. (New language is in italics and deletions are in brackets.)

Rule 6.70. A Floor Broker is an individual (either a member or a nominee of a member organization) who is registered with the Exchange for the purpose, while on the Exchange floor, of accepting and executing orders received from members or from registered broker-dealers. A Floor Broker shall not accept an order from any other source unless he is either the nominee of, or has registered his individual membership for, a member organization approved to transact business with the public in accordance with Rule 9.1[,]. [in which event he may accept orders from public customers of the organization.] *In the event the organization is approved pursuant to Rule 9.1, a Floor Broker who is the nominee of, or who has registered his individual membership for, such organization may then accept orders directly from public customers where (i) the organization clears and carries the customer account or (ii) the organization has entered into an agreement with the public customer to execute orders on its behalf.* Among the requirements a Floor Broker must meet in order to register pursuant to Rule 9.1 is the successful completion of an examination for the purpose of demonstrating an adequate knowledge of the securities business. Unless the context otherwise indicates, a Board Broker acting as such in option contracts of the class to which he has been appointed pursuant to Rule 7.3 shall be considered to be a Floor Broker wherever that term occurs in these Rules.

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 CBOE 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 CBOE 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 purpose of the proposed rule change is to clarify the circumstances, as set forth in Exchange Rule 6.70, under which a floor broker is permitted to receive orders directly from public customers. Exchange Rule 6.70 currently states that a floor broker may not accept an order from any source, other than from a member or a registered broker-dealer, unless that floor broker is the nominee of, or has registered his individual membership for, a member organization that is approved to transact business with the public in accordance with Exchange Rule 9.1. Rule 6.70 continues by stating that in the event the floor broker satisfies the stated criteria, the floor broker may then accept orders from public customers of the ''organization.''

The Exchange has learned there is some uncertainty among the membership about the intended meaning of the phrase ''public customers of the organization'' [emphasis added] because there is often more than one floor broker organization involved in a transaction. Often, one organization may execute the order on the floor of the Exchange while a second organization may clear and carry the customer's account. The Exchange has learned that some members have assumed that Rule 6.70, as written, permits a floor broker to take an order directly from a public customer only when that floor broker is a nominee of, or has registered his membership for, a member organization that clears and carries the customer's account. These members do not consider the customer to be a ''customer'' of the organization that executes the customer's order but which does not carry and clear the customer account.

The Exchange, however, has interpreted Rule 6.70 to permit a floor broker to accept an order from a public customer even in cases where the customer is a customer of the member organization only for the purpose of executing the order. In other words, the phrase ''public customer of the organization'' is intended to refer to a customer of the floor broker firm that executes the order or a customer of the floor broker firm that clears and carries the customer account. In either case, however, the floor broker/member taking the order directly from a public customer must be a nominee of, or must have his individual membership registered for, a member organization approved to transact business with the public in accordance with Rule 9.1.

Rule 6.70 is being amended to more clearly specify that a floor broker may accept an order directly from a public customer whether the customer is a customer of the organization for purposes of execution only or whether the customer account is cleared and carried by the organization, as long as the floor broker's firm is approved pursuant to Exchange rules. As specified in Chapter IX of the Exchange's rules, the floor broker taking the order must also meet certain criteria before taking such orders, including

passing an examination for the purpose of demonstrating an adequate knowledge of the securities business.

2. Statutory Basis

By clarifying the rule that describes the circumstances under which a floor broker is permitted to receive orders directly from public customers, the Exchange believes that the proposed rule change is consistent with Section 6 of the Act in general and with Section 6(b)(5) in particular in that it is designed to promote just and equitable principles of trade, to foster cooperation with persons engaged in facilitating and clearing transactions in securities, and to protect investors and the public interest.

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

The Exchange does not believe the proposed rule change imposes any burdens on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

No written comments were solicited or received with respect to the proposed rule change.

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

The proposed rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(i) of the Act, and subparagraph (e) of Rule 19b–4 thereunder, in that the proposal is designated by the Exchange as constituting a stated policy with respect to the enforcement of an existing rule. At any time within 60 days of the filing of the rule change, the Commission may summarily abrogate the 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 the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of the filing will also be available for inspection and copying at the principal office of CBOE. All submissions should refer to the file number in the caption above and should be submitted by November 13, 1996.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–27145 Filed 10–22–96; 8:45 am]

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[Release No. 34–37828; File No. SR–GSCC–96–05]

Self-Regulatory Organizations; Government Securities Clearing Corporation; Order Approving Proposed Rule Change Relating to Clearing Fund Collateral and Loss Allocation Provisions

October 16, 1996.

On May 28, 1996, the Government Securities Clearing Corporation (''GSCC'') filed with the Securities and Exchange Commission (''Commission'') a proposed rule change (File No. SR–GSCC–96–05) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] to expand the types of securities that are eligible to be used as clearing fund collateral and to redefine the concept of current trading activity for loss allocation purposes. GSCC amended the filing on July 25, 1996.[2] Notice of the proposal was published in the Federal Register on August 19, 1996.[3] No comment letters were received regarding the proposed rule change. For the reasons discussed below, the Commission is approving the proposed rule change.

I. Description

A. Clearing Fund Collateral

GSCC Rule 4 requires that each netting member make and maintain a deposit to the clearing fund, and Section 4 thereof prescribes the form that a netting member's clearing fund deposit must take. Currently under Rule 4, Section 4, there are three types of eligible clearing fund collateral: cash, eligible treasury securities, and eligible letters of credit. An eligible treasury security is defined as an unmatured, marketable debt security in book-entry form that is a direct obligation of the U.S. government.[4] Conversely, GSCC currently processes a broad range of securities (''eligible netting securities'') through its netting system. The proposed rule change expands the types of securities that will be acceptable forms of clearing fund collateral[5] to include all securities that are eligible for processing in GSCC's netting system.

Pursuant to GSCC's Rules, eligible netting securities are any non-mortgage-backed security, including zero-coupon securities, issued or guaranteed by the U.S., a U.S. government agency or instrumentality, or a U.S. government-sponsored corporation. Such securities must be Fed Wire eligible. Specific examples of eligible netting securities issued by U.S. government agencies include fixed-rate discount notes with one year maturity issued by the Tennessee Valley Authority, fixed-rate stripped interest payment or stripped principal securities sold at a discount by the Resolution Funding Corporation, and fixed-rate notes issued by the International Finance Corporation.

GSCC limits liquidity and price volatility risks by applying an appropriate haircut percentage to each type of security accepted as clearing fund collateral. Pursuant to GSCC Rules, the haircuts for eligible netting securities other than eligible treasury securities are at least equal to the haircut GSCC takes on eligible treasury securities,[6] and in no event will the haircut be lower than that applied to the

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[1] 15 U.S.C. § 78s(b)(1) (1988).

[2] Letter from Karen Walraven, Vice President and Associate Counsel, GSCC, to Jerry W. Carpenter, Assistant Director, Division of Market Regulation, Commission (July 22, 1996).

[3] Securities Exchange Act Release No. 37548 (August 9, 1996), 61 FR 42925.

[4] Currently, only treasury bills and coupon bearing treasury notes and bonds are eligible as clearing fund collateral. Securities Exchange Act Release No. 33237 (December 1, 1993), 58 FR 63414.

[5] At this time no change is proposed with respect to the cash and letters of credit eligible for clearing fund deposits.

[6] Section 4 of GSCC Rule 4 provides that eligible treasury securities with a remaining maturity of greater than one year and less than ten years are subject to a three percent haircut, and securities with a remaining maturity of ten years or greater are subject to a five percent haircut. Eligible treasury securities with a remaining maturity of up to one year receive no haircut. GSCC does not propose to change these existing haircut provisions at this time.

With respect to agency securities and zero coupon and stripped treasury securities, GSCC will apply the above haircuts unless GSCC's liquidity bank applies higher or more conservative haircut percentages. At this time, GSCC's haircuts are consistent with the haircut percentages applied by its liquidity bank. Letter from Karen Walraven, Vice President and Associate Counsel, GSCC to Peggy Blake, Attorney, Division of Market Regulation, Commission (August 8, 1996).