

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 longer 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. 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-94-50 and should be submitted by January 25, 1995.

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

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-35155; File No. SR-CHX-94-26]

Self-Regulatory Organizations; Chicago Stock Exchange, Incorporated; Notice of Filing of Proposed Rule Change Relating to Implementation of a Three-Day Settlement Standard

December 27, 1994.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on November 30, 1994, the Chicago Stock Exchange, Incorporated ("CHX") 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 primarily by CHX. On December 14, 1994, CHX filed an amendment to the proposed rule change.² 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 this proposed rule change is to amend CHX's rules to accommodate the implementation of a three business day settlement standard for securities transactions.

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

At its filing with the Commission, CHX included statements concerning the propose 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. CHX 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

On October 13, 1993, the Commission adopted Rule 15c6-1 under the Act which establishes a three-day settlement standard for most securities transactions. Rule 15c6-1 becomes effective June 7, 1995.³ CHX's proposed

rule change will amend its rules relating to delivery time frames, ex-dates, and liability for erroneous reports in order to comply with Rule 15c6-1 and a three business day settlement standard.

Under Article XX, Rule 9 of CHX's rules, regular way settlement currently requires delivery five business days after the trade date ("T+5"). Under the proposal, regular way settlement will occur three business days after the trade date ("T+3"). Seller's option trades currently can settle not less than six business days nor more than sixty days following the day of the contract. Under the proposed rule change, seller's option trades can settle not less than four business days ("T+4") nor more than sixty days following the day of the contract. Trades made for next day delivery permit delivery on the next business day following the day of the contract. Currently, such trades also may specify in the contract that delivery will occur on the second, third, or fourth full business day following the day of the contract. The proposal will eliminate the ability to specify the third or fourth full business day. Rule 9 also will be amended to eliminate references to the fourth and fifth full business day preceding the final day so that only on the second and third full business day for subscription must bids and offers be made for next day settlement.

Article XXVII, Rule 1 will be amended to provide that transactions in stocks shall be ex-dividend or ex-rights on the second business day preceding the record date rather than on the fourth business day. With regard to a record date on other than a business day, transactions in stocks will be ex-dividend or ex-rights on the third preceding business day rather than on the fifth business day.

Article XXVII, Rule 2 prescribes when ex-warrant trading will begin. The ex-warrant period will be changed to the second business day preceding the date of expiration of the warrants instead of the fourth business day. When warrant expiration occurs on other than a business day, the ex-warrant period will begin on the third business day preceding the expiration date instead of on the fifth business day.

Article XXX, Rule 15 applies to erroneous comparisons and other errors. All claims which involve erroneous comparisons will need to be made within two business days of the original trade date rather than within three business days. Claims which concern the omission of a report which was properly due will need to be made

¹ 15 U.S.C. § 78s(b)(1) (1988).

² Letter from David Rusoff, Foley & Lardner, to Christine Sibille, Division of Market Regulation, Commission (December 16, 1994).

³ Securities Exchange Act Releases Nos. 33023 (October 6, 1993), 58 FR 52891 (order adopting Rule 15c6-1) and 34952 (November 9, 1994), 59 FR

59137 (order changing effective date from June 1, 1995, to June 7, 1995).

within two business days of the date the order should have been executed rather than three business days. Claims which involve a lack of comparison of a reported transaction will need to be made within two business days of the original trade rather than three business days.

The CHX's implementation of the proposed rule change will be consistent with the June 1995 T+3 conversion schedule which the National Securities Clearing Corporation has developed for industry use. The schedule is as follows.

Trade date	Settlement cycle	Settlement date
June 2 Friday	5 day ..	June 9 Friday.
June 5 Monday .	4 day ..	June 9 Friday.
June 6 Tuesday	4 day ..	June 12 Monday.
June 7 Wednesday.	3 day ..	June 12 Monday.

If the Commission determines to alter the exemptions currently provided in Rule 15c6-1, CHX may need to undertake additional rule amendments. It is intended that the proposed rule change become effective the same date as Rule 15c6-1.

CHX believes that the proposed rule change is consistent with Section 6(b)(5) of the Act in that it protects investors and the public interest by reducing the risk to clearing corporations, their members, and public investors which is inherent in settling securities transactions. This is accomplished by reducing the time period for settlement of most securities transactions which will correspondingly decrease the number of unsettled trades in the clearance and settlement system at any given time.

The proposed change also is consistent with proposed rule 15c6-1 which requires brokers or dealers to settle most securities transactions no later than the third business day after the date of the contract unless otherwise expressly agreed to by the parties at the time of the transaction.

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

CHX does not believe that the proposed rule change will impose a burden on competition.

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

No written comments were solicited or received.

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

Within thirty-five days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to ninety 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. Persons making written submission should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington DC 20549. Copies of the submissions, 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 principal office of CHX. All submissions should refer to (File No. SR-CHX-94-26) and should be submitted by January 25, 1995.

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

Margaret H. McFarland,

Deputy Secretary.

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Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by New York Stock Exchange, Inc., Philadelphia Stock Exchange, Inc., Pacific Stock Exchange, Inc., Boston Stock Exchange, Inc., Chicago Stock Exchange, Inc., and National Association of Securities Dealers, Inc. Relating to Short Interest Reporting Requirements

December 23, 1994.

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 27, 1994, the New York Stock Exchange, Inc., Philadelphia Stock Exchange, Inc., Pacific Stock Exchange, Inc., Boston Stock Exchange, Inc., Chicago Stock Exchange, Inc., and National Association of Securities Dealers, Inc. (the "SROs")¹ filed with the Securities and Exchange Commission ("Commission") the proposed rule change as describe in Items I, II and III below, which Items have been prepared by the self-regulatory organizations. 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 proposed rule changes consist of (1) revisions to the rules of the SROs with existing short interest reporting requirements, and (2) adoption of short interest reporting rules for the SROs currently without any such requirement. All of the proposed rule changes will require members and member organizations of the SROs to report short interest positions to the SROs if the particular SRO is the designated examining authority for that member.²

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 SROs included statements concerning the purpose of and basis for the proposed rule change and discussed any

¹ The self-regulatory organizations listed herein will collectively be referred to as the ("SROs").

² The NASD, however requires reporting for all members of their short positions not otherwise reported to another SRO, irrespective of its DEA status. In doing so, the NASD seeks to ensure that it receives short position reporting for all NASDAQ securities. Conversation with Suzanne Rothwell, NASD, and Amy Bilbija, Commission, dated December 21, 1994.