

to the proposed rule change, and none have been received.

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

Section 17A(b)(3)(F)⁴ of the Act requires the rules of a clearing agency be designed to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions. The Commission believes that OCC's proposed change is consistent with Section 17A(b)(3)(F) of the Act because it works in conjunction with the PHLX rule change to better coordinate and to promote cooperation in the issuance, clearance, and settlement of these options.

OCC has requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of the filing. The Commission finds good cause for so approving the proposed rule change because accelerated approval will allow OCC to coordinate its holiday expiration dates for cash-settled foreign currency options with the holiday expiration dates for cash-settled foreign currency options with the holiday expiration dates set by the PHLX.

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 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 OCC. All submissions should refer to the file No. SR-OCC-94-12 and should be submitted within January 30, 1995.

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the

Act, particularly with Section 17A(b)(3)(F) of the Act, and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-OCC-94-12) be, and hereby is, approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 35182; File No. SR-PTC-94-07]

Self-Regulatory Organizations; Participants Trust Company; Notice of Filing of Proposed Rule Change Establishing a Daily Penalty Fee Applicable to Late Funding of Shortfalls in Participants Mandatory Deposits to the Participants Fund

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on December 14, 1994, the Participants Trust Company ("PTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-PTC-94-070 as described in Items I, II, and III below, which Items have been prepared primarily 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 proposed rule change will establish a daily penalty fee applicable to a participant's failure to fund on a timely basis a shortfall in its mandatory deposit to the participants fund.

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 self-regulatory organization 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 self-regulatory organization 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 the Statutory Basis for, the Proposed Rule Change

The purpose of the proposed rule change is to establish a daily penalty fee applicable to a participant's failure to fund on a timely basis a shortfall in its mandatory deposit to the participants fund. Pursuant to Rule 2 of Article V of PTC's rules, PTC maintains a participants fund to secure obligations of participants and limited purpose participants to PTC and to provide PTC with an additional source of cash collateral to meet its temporary financing needs. Each participant is required to maintain a mandatory deposit in the participants fund which is calculated as a percentage of its average gross debits over the previous month's three major settlement days, subjects to a minimum of \$1 million and a maximum of \$10 million. A limited purpose participant is required to maintain a lower mandatory deposit because of the limited nature of its activity in the depository. At least \$150 thousand of the mandatory deposit must be made in cash. The remainder may be made in cash or United States Treasury obligations with a remaining maturity of one year or less.

The adequacy of each participant's mandatory deposit is evaluated monthly based on the prior month's activity. Participants are notified of any shortfall and required to fund the deficiency within five business days. The securities portion of the mandatory deposit is marked-to-market weekly, and participants are required to fund any deficiency in this portion within two business days.

The proposed rule change establishes a daily penalty fee for a participant's failure to fund a shortfall in its mandatory deposit to the participants fund by the required date in the amount of the greater of (i) \$200 or (ii) an amount, calculated at an annual rate, equal to the daily average Fed Funds rate plus 250 basis points (2.5%) on the outstanding balance of the shortfall in the mandatory deposit to the participants fund.

PTC believes that because the proposed rule change provides for the equitable allocation of reasonable dues, fees, and other charges among participants, it is consistent with Section 17A of the Act and the rules and regulations thereunder applicable to PTC.

⁵ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1) (1988).

⁴ 15 U.S.C. 78q-1(b)(3)(F) (1988).

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

PTC does not believe that the proposed rule change will impose any burden on competition.

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

PTC has neither solicited nor received comments on the proposed rule change.

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 such 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 maybe 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 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 PTC. All submissions should refer to file number SR-PTC-94-07 and should be submitted by January 30, 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. 34-35176; File No. SR-Phlx-94-55]

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

December 29, 1994.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on November 14, 1994, the Philadelphia Stock Exchange, Inc. ("PHLX") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by the PHLX. 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 PHLX's rules to accommodate a three business day settlement standard for securities transactions.

II. Self-Regulatory Organization's Statements Regarding the Proposed Rule Change

In its filing with the Commission, the PHLX 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 PHLX 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

In October 1993 the Commission adopted Rule 15c6-1 under the Act. The rule which will become effective June 7,

1995.² Rule 15c6-1 will establish three business days following the trade date ("T+3") as the standard settlement time frame for most broker-dealer transactions. In the release adopting Rule 15c6-1, the Commission concluded that a T+3 settlement cycle, as compared to the current five-day settlement cycle ("T+5"), will reduce credit and liquidity risks and increase efficiency in broker-dealer and clearing agency operations.

The PHLX has identified those rules which require amendment to provide for operations by members within a T+3 settlement cycle. The rules are described below.

Rule 113(b) defines "regular way" dealings in stock as requiring delivery on the fifth business day following the day of the contract.³ "Fifth" will be changed to "third." Similarly, the language in Rule 113(c) defining a seller's option dealing will be changed from requiring delivery in not less than six days to in not less than four days.

Rule 114(b) defines "regular way" dealings in bonds (except convertible bonds and United States government securities) as requiring delivery on the fifth business day following the day of the contract. "Fifth" will be changed to "third." Rule 114 also provides that for bonds sold for delayed delivery, delivery is due on the seventh day following contract day. "Seventh" will be changed to "fifth." Similarly, the language in Rule 114(c) defining a seller's option dealing will be changed from requiring delivery in not less than eight days to in not less than four days.

Rule 115(b) defines "regular way" to require dealings in convertible bonds to require delivery on the fifth business day following the day of the contract. "Fifth" will be changed to "third." Similarly, the language in Rule 115(b) defining seller's option dealing will be changed from requiring delivery in not less than six days to in not less than four days.

Rule 117 (a) and (b) require notice of early delivery of securities sold pursuant to seller's option or regular way delayed delivery to be submitted before 4:00 p.m. at least one day prior to delivery and may not be given until the fifth business day after the date of

² Securities Exchange Act Release Nos. 33023 (October 6, 1993), 58 FR 52891 [order adopting Rule 15c6-1] and 34952 (November 9, 1994), 59 FR 59137 [order changing the effective date of Rule 15c6-1].

³ As proposed, the rule will include in a T+3 environment transaction in securities exempted under Rule 15c6-1(b)(2). Specifically, under the proposal, securities sold pursuant to a firm commitment offering registered under the Securities Act of 1933 must settle within three business days.

¹ 15 U.S.C. 78s(b)(1) (1988).