

The automatic execution of these orders sent over the MAX System would only occur if a specialist requests it, and then, only on those terms and conditions set forth by the Exchange.³

The BEST Rule requires specialists to execute agency market orders of 2099 shares or less in Dual Trading System issues⁴ or NASDAQ/NMS Securities at the national best bid or best offer ("NBBO")⁵ if certain conditions are satisfied. Orders greater than 2099 shares, however, are not subject to the rule. Under this proposed rule change, a specialist could, for example, increase the size of the guarantee, be more flexible in providing partial executions, or obligate itself to provide price improvement under certain circumstances.

Although nothing in the proposed rule change requires a specialist to give more favorable guarantees, if such guarantees are provided through the MAX System, the specialist must honor the more favorable guarantee. Failure of a specialist to honor the more favorable guarantee will be deemed to be a violation of Exchange Rules.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)(5) of the Act in that it is designed to prevent fraudulent and manipulative acts and practices and to perfect the mechanism of a free and open market.

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

The Exchange does not believe that the proposed rule change will impose any inappropriate burden on competition.

available to CHX specialists as an addition or an alternative to SuperMAX. The Exchange also has stated that a specialist will be permitted to switch from one set of parameters to another once a month. Telephone conversation with David Rusoff, Foley & Lardner and Jennifer Choi, SEC, on March 20, 1995.

³The Exchange has indicated that the "terms and conditions" provision will provide the Exchange with veto power over a specialist's particular request. Telephone conversation with Craig Long and David Rusoff, Foley & Lardner, and Julio Mojica, Susan Lee, and Jennifer Choi, SEC, on March 10, 1995.

⁴The Dual Trading System of the Exchange allows the execution of both round-lot and odd-lot orders in certain issues assigned to specialists on the Exchange and listed on either the New York Stock Exchange or the American Stock Exchange.

⁵The term national best bid or best offer is defined under SEC Rule 11Ac1-2 as the highest bid or lowest offer for a reported security made available by any reporting market center pursuant to Rule 11Ac1-1 or the highest bid or lowest offer for a security other than a reported security disseminated by an over-the-counter market maker in Level 2 or 3 of NASDAQ.

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

No written comments were either solicited or received.

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 find 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 NW., 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 NW., 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-CHX-95-08 and should be submitted by April 26, 1995.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-8260 Filed 4-4-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-35550; File No. SR-CHX-95-03]

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Order Granting Approval to Proposal Rule Change and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 2 to a Proposed Rule Change Relating to Reporting and Disclosure Requirements

March 30, 1995.

On February 6, 1995, the Chicago Stock Exchange, Inc. ("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 to amend various Exchange Rules regarding reporting and disclosure requirements. Specifically, the rule change proposed to (1) Amend Article VI, Rule 5 and add an interpretation thereto to require that members and member organizations maintain written procedures to ensure compliance with the securities laws (and SEC regulations promulgated thereunder) and the Rules of the Exchange; (2) amend Article XI, Rule 4 to provide the Exchange with the authority to require any member or member organization to have an accounting firm audit its books and to clarify that all members and member organizations are required to comply with the disclosure requirements of Rule 17a-5; and (3) add Article XI, Rule 9 to require that floor brokers who do not clear their own trades procure a letter of guarantee prior to trading. On February 14, 1995 and March 30, 1995, the Exchange submitted to the Commission Amendments No. 1 and No. 2, respectively, to the proposed rule change.³

The proposed rule change was published for comment in Securities Exchange Act Release No. 35394 (February 17, 1995), 60 FR 10620 (February 27, 1995). No comments were received on the proposal. This order approves the proposed rule changes.

I. Proposal

Currently, Article VI, Rule 5(c) requires each member organization that does business with the public to establish procedures, and a system for applying such procedures, to assure that its registered representatives and other

¹ 15 U.S.C. 78s(b)(1) (1988).

² 17 CFR 240.19b-4 (1991).

³ Amendments No. 1 and No. 2 made non-substantive, clarifying changes to the proposal. See Letters from Jay O. Wright, Esq., Foley & Lardner, to Elisa Metzger, Senior Counsel, SEC, dated February 14, 1995 and March 30, 1995.

employees are adequately and closely supervised. Rule 5(c) further states that a system will be deemed adequate only if it is reasonably designed to prevent and detect violations of the applicable securities laws, the rules and regulations thereunder, and the CHX Constitution and Rules. The CHX is proposing to amend Article VI, Rule 5 and add an interpretation thereto to require that such procedures and systems be in writing. The CHX believes that requiring written procedures allows the CHX to more easily verify the existence of such procedures and that such a requirement facilitates the CHX's verification of the content of the procedures. The CHX also believes that the visibility of such written procedures will remind members and member organizations of their obligations to comply with the securities laws, SEC rules, and the CHX's rules, thus enhancing compliance.

The CHX is also proposing amendments to Article XI, Rule 4. Article XI, Rule 4 requires certain member organizations to have an audit as required by SEC Rule 17a-5 and any other additional audits that the Exchange may require for good cause.⁴ The additional audits must be made by an independent public accountant, acceptable to the CHX and be conducted in accordance with the requirements of SEC Rule 17a-5. The CHX is amending the rule to provide the Exchange with the authority to require any member or member organization to have an accounting firm audit its books and have the member or member organization file a statement with the Exchange to the effect that such additional audits have been made. In addition, the CHX's purpose for amending Article XI, Rule 4(c) is to clarify that all CHX members and member organizations are required to file monthly and quarterly Focus Reports with the CHX in accordance with SEC Rule 17a-5 unless the member or member organization is exempt.

Finally, the CHX proposes to add a new rule, Article XI, Rule 9, which would require floor brokers who do not clear their own trades to procure a letter of guarantee prior to trading. The CHX's purpose for adding Article XI, Rule 9 is to enhance the safety and soundness of the clearing system by ensuring that Floor Brokers have sufficient financial resources to stand behind their trades. As a result, fewer disruptions due to the

financial distress of a floor broker are likely to occur.

II. 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).⁵ In particular, the Commission believes the proposal is consistent with the Section 6(b)(1) requirement that the exchange have the capacity to enforce compliance by its members and persons associated with its members, of the federal securities laws, rules and regulations thereunder and the rules of the exchange. The CHX proposal will permit the CHX to verify the existence and content of procedures and systems that require compliance with the federal securities laws, rules and regulations thereunder and the CHX rules. In addition, the Exchange's proposed amendments to Article XI, Rule 4, clarify that all members and member organizations are required to comply with the disclosure requirements of SEC Rule 17a-5.

The Commission believes the proposal is consistent with the Section 6(b)(5) requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public. Specifically, the proposed amendments to Article VI, Rule 5 which require written procedures that ensure compliance with applicable rules and laws, will prevent fraudulent acts and practices and protect investors and the public by enforcing compliance with the federal securities laws, SEC rules and CHX rules. Similarly, the Commission believes that the proposal to provide the Exchange with the authority to require any member or member organization to have an accounting firm audit its books and to clarify that all members and member organizations must comply with SEC Rule 17a-5, is consistent with the Section 6(b)(5) requirements. These proposals will enable the CHX to investigate any concerns it has with respect to potential financial problems of its members or member organizations. Accordingly, the Exchange's awareness of any financial problems in advance could limit the impact of that member's financial condition on the market.

The Commission also believes that the proposal to add Article XI, Rule 9 to

require that floor brokers who do not clear their own trades procure a letter of guarantee prior to trading is consistent with the Section 6(b)(5) requirements. The Commission agrees with the Exchange that the proposed rule will ensure the safety and soundness of the clearing system by ensuring that floor brokers have sufficient financial resources to stand behind their trades. The proposed rule will improve the reliability of the clearing system because fewer disruptions due to the financial distress of a floor broker are likely to occur.

The Commission finds good cause for approving Amendment No. 2 prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register**. Specifically, Amendment No. 2 makes non-substantive, technical changes to the proposal. The Commission believes that these technical changes are not material changes that raise regulatory concerns not already addressed by the proposal. Accordingly, the Commission believes it is consistent with Sections 6(b)(5) and 19(b)(2) of the Act to approve Amendment No. 2 to the proposal on an accelerated basis.

III. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning Amendment No. 2. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., 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, NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the CHX. All submissions should refer to File No. SR-CHX-95-03 and should be submitted by April 26, 1995.

IV. Conclusion

It Is Therefore Ordered, pursuant to section 19(b)(2) of the Act⁶ that the

⁴ Article XI, Rule 4 excepts out of the rule, member organizations that are self-clearing and member organizations that do a securities business only with other members of a national securities exchange.

⁵ 15 U.S.C. 78f(b) (1988).

⁶ 15 U.S.C. 78s(b)(2) (1988).

proposed rule change (SR-CHX-95-03), as amended is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-8340 Filed 4-4-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-35549; File No. SR-PCC-94-01]

Self-Regulatory Organizations; Pacific Clearing Corporation; Order Approving a Proposed Rule Change Making Corrections and Clarifications to Certain Provisions of the PCC's Rules, Participant Agreement, and Clearing Fund Agreement

March 30, 1995.

On November 28, 1994, the Pacific Clearing Corporation ("PCC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change under Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act") to correct certain typographical errors in PCC's rules and to clarify certain provisions regarding specialist post capital in PCC's participant agreement and clearing fund agreement.¹ Notice of the proposal was published in the **Federal Register** on February 7, 1995.² For the reasons discussed below, the Commission is approving the proposed rule change.

I. Description

The proposed rule change will correct typographical errors in certain provisions of PCC's rules and will clarify certain provisions of PCC's standard participant agreement and clearing fund agreement relating to specialist post capital. Specifically, PCC corrects typographical errors to the Table of Contents; PCC Rule 1.2(f), defining the term "long position"; PCC Rules 2.1(c) and 2.1(d), addressing membership qualifications and approval; and PCC Rule 9.3(c)(iii) addressing specialist post termination procedures. In addition, PCC is amending PCC Rule 5.2 to clarify that any reductions to excess post capital or a member's clearing fund deposit cannot be made for amounts that would reduce the member's post capital or clearing fund deposit below the minimum requirement.

The proposal also amends certain paragraphs of PCC's participant agreement that relate to post capital. Paragraph 3.1(e)(iii) is amended to clarify that it refers to the monitoring of post capital rather than net capital. Paragraph 4.5 of the participant agreement is amended to distinguish post capital from net capital. Net capital, which is specified by PSE Rule 2.1 and Rule 15c3-1 of the Act, remains constant for a firm regardless of the number of specialist posts it operates. In contrast, post capital varies because it represents the amount of capital required to be maintained by a firm based on the number of specialist posts it operates. Paragraph 4.9 of the participant agreement is modified to clarify that reductions to excess post capital and to the clearing fund deposit cannot be made in amounts that would reduce these sums below their respective minimum requirements. Paragraph 4.9 of the participant agreement also is amended to clarify that losses on a trial balance are due on the fifteenth day of the month following the month for which the trial balance was issued.

Similarly, the clearing fund agreement is clarified such that the minimum contribution, as defined in paragraph 5 of the clearing fund agreement, made by a member firm backing a specialist post will be applied towards meeting the post capital requirement. Prior to this clarification, the clearing fund agreement stated that contributions were to be credited towards the net capital requirement.

II. Discussion

The Commission believes that the PCC's proposed rule change is consistent with the requirements of Section 17A of the Act³ and in particular with Sections 17A(b)(3) (A) and (F) of the Act.⁴ Sections 17A(b)(3) (A) and (F) require, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and to assure the safeguarding of securities and funds within its possession or control or for which it is responsible. The clarifications regarding specialist post capital and net capital will assist PCC in safeguarding the securities and funds which are in PCC's custody or control or for which PCC is responsible. Furthermore, the technical corrections to PCC's rules will clarify these rules and thereby advance the prompt and

accurate clearance and settlement of securities transactions.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to section 19(b)(2) of the Act,⁵ that the proposed rule change (File No. SR-PCC-94-01), be, and hereby is, approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-8339 Filed 4-4-95; 8:45 am]

BILLING CODE 8010-01-M

DEPARTMENT OF TRANSPORTATION

Coast Guard

[CGD 95-030]

Chemical Transportation Advisory Committee, Subcommittee on Marine Vapor Control Systems

AGENCY: Coast Guard, DOT.

ACTION: Notice of meeting.

SUMMARY: The Subcommittee on Marine Vapor Control Systems of the Chemical Transportation Advisory Committee will meet to continue reviewing tank vessel cleaning facility operations and evaluate proposed recommendations for safety standards for use of a vapor control system at these facilities. The meeting will be open to the public.

DATES: The meeting will be held on Tuesday, May 9, 1995, from 9 a.m. to 5 p.m. Written material should be submitted no later than May 2, 1995.

ADDRESSES: The meeting will be held at the Wyndham Hotel, 12400 Greenspoint Drive, Houston, TX 77060. Personnel attending the meeting should report to the main floor reception area for direction to the conference room. Written material should be submitted to Lieutenant Commander Robert F. Corbin, Commandant (G-MTH-1), U.S. Coast Guard Headquarters, 2100 Second Street, SW., Washington, DC 20593-0001.

FOR FURTHER INFORMATION CONTACT: Lieutenant Commander Robert F. Corbin, Commandant (G-MTH-1), U.S.

⁷ 17 CFR 200.30-3(a)(12) (1991).

¹ 15 U.S.C. 78s(b)(1) (1988).

² Securities Exchange Act Release No. 35313 (February 1, 1994), 59 FR 5644 [File No. SR-PCC-94-01].

³ 15 U.S.C. 78q-1 (1988).

⁴ 15 U.S.C. 78q-1(b)(3) (A) and (F) (1988).

⁵ 15 U.S.C. 78s(b)(2) (1988).

⁶ 17 CFR 200.30-3(a)(12) (1994).