

ensure that all series of Technology Index options utilize the same opening price settlement procedures.

The Commission finds good cause for approving that portion of the rule change relating to a.m. settlement prior to the thirtieth day after the date of publication of notice thereof in the Federal Register. As discussed above, and on the basis of the expirations over the past several years, the Commission believes that opening-price settlement of stock index options and futures is beneficial. Opening-price settlement procedures have operated smoothly and effectively and have contributed to dampening expiration Friday volatility. The Commission believes opening price settlement for Technology Index options will permit the market to benefit from the pre-opening procedures described above when positions in the contract are unwound on expiration Fridays. In addition, because there are currently no outstanding Technology Index options series, all new Technology Index options listed in the future will have the same opening settlement procedures, thereby avoiding investor confusion. For these reasons, the Commission believes that it is consistent with Sections 19(b)(2) and 6(b)(5) of the Act to approve the PSE's Technology Index opening price based settlement proposal on an accelerated basis.

It Therefore Is Ordered, pursuant to Section 19(b)(2) of the Act,⁸ that the portion of the proposed rule change (SR-PSE-95-18) relating to the changing of the settlement feature of options on the Technology Index from closing price settlement to opening price settlement is approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland,
Deputy Secretary.

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[Release No. 34-36239; International Series Release No. 854; File No. SR-Phlx-95-47]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Japanese Yen Quote Spread Parameters

September 15, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on

August 22, 1995, the Philadelphia Stock Exchange, Inc. ("Phlx" 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 Phlx proposes that the quotation spread parameters (bid/ask differentials) applicable to Japanese yen options be widened to reflect added volatility and appreciation in the market for the underlying currency, the Japanese yen. Option quote parameters govern the width of market quotations, establishing the maximum widths between the bid and the offer for an option contract.

Specifically, the Exchange proposes to change the parameters in Rule 1014(c)(ii) and Floor Procedure Advice ("Advice") F-6, Option Quote Parameters, from \$.000004, \$.000006, and \$.000008 to \$.000006, \$.000009, and \$.000012. Under the proposal, the new quote spread parameters will be reflected in Rule 1014 as follows: no more than \$.000006 between the bid and the offer for each option contract for which the bid is \$.000040 or less; no more than \$.000009 where the bid is more than \$.000040 but does not exceed \$.000160; and no more than \$.000012 where the bid is more than \$.000160.

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 Statutory Basis for, the Proposed Rule Change

In response to worldwide market conditions respecting the Japanese yen, the Exchange proposes to increase the applicable quote spread parameters respecting Japanese yen options. During

recent years, the value of the yen in relation to the U.S. dollar has risen appreciably. As a result, employing the current option quote parameters, which are too narrow for today's prices, deprives investors from identifying price levels from off-floor where liquidity will be available in the sizes most often sought by currency option investors.

Further, because the Japanese yen spot value (in relation to the U.S. dollar) has increased, the U.S. dollar value of each yen option contract has likewise increased. For instance, 20 contracts previously represented \$1 million of yen; currently on 16 contracts represent \$1 million of yen. This, in turn, results in greater risk associated with each option contract. As contract size increases, the risks of market making in these options are amplified. As a result, the Exchange believes that the quote spread parameter should be widened to offset the greater risk. The existence of high strike prices increases this risk.

The increase in the yen spot value has also resulted in wider spreads between the bid and the offer in the spot price. For example, a spot market of 101.50 (bid)—.60 (ask) yen in January 1995 represented \$.009852—.009842 in American terms, which is ten "ticks" wide. Comparatively, a spot market of 85.10—.20 yen in May 1995 represents \$.011751—.011737, which is 14 ticks wide. Thus, as the yen spot value has increased, a former ten tick wide market in European terms has widened to 14 ticks. Similarly, the spreads in Japanese yen futures and forward contracts have also widened. Thus, the Exchange believes that the wider spreads in the spot and futures markets necessitate wider quote spread parameters in yen options for competitive reasons.

The Exchange notes that the Japanese yen quote spread parameters were last amended in 1991² from \$.000004, \$.000008, and \$.000012 to \$.000004, \$.000006, and \$.000008. The spot value in American terms was 68.50 in July 1990 when the proposal was filed and 71.20 when it was approved. At that time, the Exchange cited the competitive implications of quote spread parameters, which do not exist in the over-the-counter market for foreign currency options ("FCOs"). Also, the Commission noted that remaining competitive with such markets is important to the depth and liquidity of Exchange-traded FCOs.

The Exchange believes that its proposal is consistent with Section 6 of the Act in general, and in particular,

² Securities Exchange Act Release No. 28937 (March 4, 1991) 56 FR 10290.

⁸ 15 U.S.C. 78s(b)(2)(1988).

⁹ 17 CFR 200.30-3(a)(12)(1994).

¹ 15 U.S.C. 78s(b)(1) (1988).

with Section 6(b)(5), in that it is designed to promote just and equitable principals of trade, as well as to protect investors and the public interest, by providing a more efficient and competitive market for FCOs. Widening the Japanese yen quote spread parameters to reflect current volatility and wider spreads in competing markets should promote market depth and liquidity by allowing Phlx market makers to compete more effectively.

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

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

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

Written comments on the proposed rule change were neither solicited nor received.

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

Within 35 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 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 such proposed rule change, or
- (b) Instruct proceedings to determine whether the proposed rule change should be disapproved.

The Exchange has requested that the Commission grant accelerated approval of its proposal.

IV. Solicitations 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. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to File No. SR-Phlx-95-47 and should be submitted by October 12, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.³

Margaret H. McFarland,

Deputy Secretary.

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[Rel. No. IC-21360; 812-9644]

Daily Money Fund, et al.; Notice of Application

September 14, 1995.

AGENCY: Securities and Exchange Commission ("SEC").

ACTION: Notice of application for Exemption under the Investment Company Act of 1940 (the "Act").

APPLICANTS: Daily Money Fund, Daily Tax-Exempt Money Fund, Fidelity Advisory Annuity Fund, Fidelity Special Situations Fund, Fidelity Advisor Series I, Fidelity Advisor Series II, Fidelity Advisor Series III, Fidelity Advisor Series IV, Fidelity Advisor Series V, Fidelity Advisor Series VI, Fidelity Advisor Series VII, Fidelity Advisor Series VIII, Fidelity Beacon Street Trust, Fidelity California Municipal Trust, Fidelity California Municipal Trust II, Fidelity Capital Trust, Fidelity Charles Street Trust, Fidelity Commonwealth Trust, Fidelity Congress Street Fund, Fidelity Contrafund, Fidelity Court Street Trust, Fidelity Court Street Trust II, Fidelity Destiny Portfolios, Fidelity Deutsche Mark Performance Portfolio, L.P., Fidelity Devonshire Trust, Fidelity Exchange Fund, Fidelity Financial Trust, Fidelity Fixed-Income Trust, Fidelity Government Securities Fund, Fidelity Hastings Street Trust, Fidelity Hereford Street Trust, Fidelity Income Fund, Fidelity Institutional Cash Portfolios, Fidelity Institutional Tax-Exempt Cash Portfolios, Fidelity Institutional Investors Trust, Fidelity Institutional Trust, Fidelity Investment Trust, Fidelity Magellan Fund, Fidelity Massachusetts Municipal Trust, Fidelity Money Market Trust, Fidelity Mt. Vernon Street Trust, Fidelity Municipal

Trust, Fidelity Municipal Trust II, Fidelity New York Municipal Trust, Fidelity New York Municipal Trust II, Fidelity Phillips Street Trust, Fidelity Puritan Trust, Fidelity School Street Trust, Fidelity Securities Fund, Fidelity Select Portfolios, Fidelity Sterling Performance Portfolio, L.P., Fidelity Summer Street Trust, Fidelity Trend Fund, Fidelity Union Street Trust, Fidelity Union Street Trust II, Fidelity U.S. Investments-Bond Fund, L.P., Fidelity U.S. Investments-Government Securities Fund, L.P., Fidelity Yen Performance Portfolio, L.P., Spartan U.S. Treasury Money Market Fund, Variable Insurance Products Fund, Variable Insurance Products Fund II, and Zero Coupon Bond Fund (each a "Trust"); on behalf of themselves and all subsequently registered open-end investment companies advised by Fidelity Management & Research Company ("FMR") (collectively, with the Trusts, the "Funds"); and FMR.

RELEVANT ACT SECTIONS: Order requested (a) under section 6(c) of the Act for an exemption from sections 13(a)(2), 13(a)(3), 18(f)(1), 22(f), and 22(g) of the Act and rule 2a-7 thereunder; (b) under sections 6(c) and 17(b) of the Act for an exemption from section 17(a)(1) of the Act; and (c) pursuant to section 17(d) of the Act and rule 17d-1 thereunder.

SUMMARY OF APPLICATION: Applicants request an order that would permit each applicant investment company to establish deferred compensation plans for its trustees who are not interested persons of the company.

FILING DATES: The application was filed on June 27, 1995, and amended on August 24, 1995.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on October 10, 1995 and should be accompanied by proof of service on the applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, 82 Devonshire Street F5E, Boston, Massachusetts 02109-3614.

FOR FURTHER INFORMATION CONTACT: Sarah A. Buescher, Staff Attorney, at

³ 17 CFR 200.30-3(a)(12) (1994).