

subject to the ITS rules to employ its own employees to perform the functions of the ITS Clerks. Because a DPM runs his own business, he is in the best position to make the business determination concerning how many employees are needed to perform the various functions assigned to him, including the ITS functions. Requiring the DPM to provide employees to perform these functions, therefore, should limit the resources the Exchange will be required to provide to perform this function and thus, reduce overall costs to the Exchange and its members. Customers of the Exchange and the DPMs would be protected from interruption of service in the system, however, because the Exchange will have employees available to perform the ITS function when the circumstances warrant.

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, the requirements of Section 6(b)(5)⁸ in that it is designated to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in clearing and facilitating transactions in securities, and to protect investors and the public interest. Specifically, the Commission believes that the proposed rule change will result in a more efficient allocation of Exchange resources by requiring the DPMs assigned to particular products to provide their own employees to perform the ITS functions. The proposed change will shift the responsibility for providing ITS employees from the Exchange to the primary users of the ITS system, thus creating a more economically efficient operation for the Exchange. This will become particularly important if trading volume in Chapter 30 products on the Exchange increases.

Additionally, the Commission notes that the proposed change is consistent with the goals of the ITS plan. One of the goals of the ITS plan, and Section 11A of the Act, is to link effectively all markets for qualified securities through data processing and communication facilities, and to assure fair competition among Exchanges.⁹ The proposed rule change merely shifts the responsibility for performing the functions of ITS Clerks from the Exchange to DPMs

assigned to a particular product, and will have no negative impact on CBOE's ability to remain linked to the other participants of ITS. Moreover, the change will not provide CBOE with any unfair competitive advantage over the other participants in the ITS plan.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁰ that the proposed rule change (SR-CBOE-95-28) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-36359; International Series Release No. 865; File No. SR-NASD-95-46]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the National Association of Securities Dealers, Inc., Relating to an Extension of the Nasdaq International Service Pilot Program

October 11, 1995.

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 4, 1995, the National Association of Securities Dealers, Inc. ("NASD" or "Association") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I and II below, which Items have been prepared by the NASD. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons. For the reasons discussed below, the Commission is granting accelerated approval of the proposed rule change.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule

The NASD proposes to extend for two years: (i) The pilot term of the Nasdaq International Service ("Service"); and (ii) the effectiveness of certain rules ("International Rules") that are unique to the Service. This rule change does not entail any modification of the International Rules. The present authorization for the Service and the International Rules expires on October 11, 1995; therefore, with this filing, the pilot period for the Service and the

International Rules would be extended until October 11, 1997.

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 NASD 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 NASD 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

The NASD proposes to extend for two years, until October 11, 1997, the pilot operation of the Service and the effectiveness of the International Rules governing broker-dealers' access to and use of the Service. The existing pilot operation of the Service and the International Rules was authorized by the SEC in October 1991¹ and the Service was launched on January 20, 1992. In October 1993, the SEC approved a two-year extension of the pilot program for the Service through October 11, 1995.²

The Service supports an early trading session running from 3:30 a.m. to 9:00 a.m. Eastern Time on each U.S. business day ("European Session") that overlaps the business hours of the London financial markets. Participation in the Service is voluntary and is open to any authorized NASD member firm or its approved broker-dealer affiliate in the U.K. A member participates as a Service market maker either by staffing its trading facilities in the U.S. or the facilities of its approved affiliate during the European Session. The Service also has a variable opening feature that permits Service market makers to elect to participate starting from 3:30 a.m., 5:30 a.m. or 7:30 a.m., Eastern Time. The election is required to be made on a security-by-security basis at the time a firm registers with the NASD as a Service market maker.³ At present, there

¹ See Securities Exchange Act Release No. 29812 (October 11, 1991), 56 FR 52082 (SR-NASD-90-33).

² See Securities Exchange Act Release No. 33037 (October 8, 1993), 58 FR 53752 (SR-NASD-93-50).

³ Regardless of the opening time chosen by the Service market maker, the Service market maker is required to fulfill all the obligations of a Service market maker from that time (i.e., either 3:30 a.m., 5:30 a.m. or 7:30 a.m.) until the European Session

⁸ 15 U.S.C. 78f(b)(5).

⁹ See Securities Exchange Act Release No. 28874 (February 12, 1991), 56 FR 6889 (February 20, 1991) (order approving ninth amendment to ITS to include CBOE as a participant in the ITS plan).

¹⁰ 15 U.S.C. 78s(b)(2).

¹¹ 17 CFR 200.30-3(a)(12).

are no Service market makers participating in the Service.

As noted above, the NASD is seeking to extend the pilot term for two more years. During this period, the NASD plans to reevaluate the Service's operation and consider possible enhancements to the Service to broaden market maker participation. The NASD views the Service as a significant experiment in expanding potential opportunities for international trading via systems operated by The Nasdaq Stock Market, Inc. Accordingly, the NASD believes that this pilot operation warrants an extension to permit possible enhancements that will increase the Service's utility and attractiveness to the investment community.⁴

The NASD believes that the proposed rule change is consistent with Sections 11A(a)(1) (B) and (C) and 15A(b)(6) of the Act. Subsections (B) and (C) of Section 11A(a)(1) set forth the Congressional goals of achieving more efficient and effective market operations, broader availability of information with respect to quotations for securities, and the execution of investor orders in the best market through the use of advanced data processing and communications techniques. Section 15A(b)(6) requires, among other things, that the NASD rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities. The NASD believes that the proposed extension of the Service and the International Rules is fully consistent with these statutory provisions.

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

The NASD believes that the proposed rule change will not result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Comments were neither solicited nor received.

closes at 9:00 a.m., Eastern Time. See Securities Exchange Act Release No. 32471 (June 16, 1993), 58 FR 33965 (SR-NASD-92-54).

⁴ Assuming that the pilot term is extended, the NASD will continue to supply the Commission with the statistical reports prescribed in the initial approval order for the Service order at six month intervals.

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

The Commission finds good cause for approving the proposed rule change prior to the 30th day after the date of publication of notice of filing thereof. The Commission believes that it is appropriate to approve on an accelerated basis the two year extension of the Nasdaq International Service, until October 11, 1997, to ensure the continuous operation of the Service, which is set to expire on October 11, 1995.

The Commission believes that the proposed rule change is consistent with Sections 11A(a)(1)(B) and (C) and 15A(b)(6) of the Act. The Commission believes that, in connection with the globalization of securities markets, the service provides an opportunity to advance the statutory goals of: (1) Achieving more efficient and effective market operations; (2) broader availability of information with respect to quotations for securities; (3) the execution of investor orders in the best market through the use of advanced data processing and communications techniques; and (4) fostering cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities. The Commission continues to view the Service as a significant experiment in expanding potential opportunities for international trading via systems operated by The Nasdaq Stock Market, Inc. The Service is intended to promote additional commitments of merger firms' capital to market making and to attract commitments from firms based in Europe that currently do not function as Nasdaq market makers. Although there are no Service market makers participating in the Service, the NASD plans to reevaluate the Service's operation and consider possible enhancements to the Service to broaden market maker participation. Accordingly, the Commission believes that this pilot operation warrants an extension to permit possible enhancements that will increase the Service's utility and attractiveness to the investment community. Any changes to the operation of the Service will be filed pursuant to Section 19(b)(2) 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 such filing will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to the File No. SR-NASD-95-46 and should be submitted by November 7, 1995.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change SR-NASD-95-46 be, and hereby is, approved through October 11, 1997.

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

Margaret H. McFarland,
Deputy Secretary.

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DEPARTMENT OF STATE

[Public Notice No. 2267]

International Telecommunications Advisory Committee (ITAC) Standardization Sector U.S. ITAC-T Study Group A; Meeting Notice

The Department of State announces that the United States International Telecommunications Advisory Committee (ITAC), Telecommunications Standardization Sector (ITAC-T) Study Group A will meet on the following dates, times and venue in Washington, DC.:

ITAC-T Study Group A, November 30, 1995, 9:30 a.m.-4:00 p.m. at Bellcore, 6th Floor, 2101 L Street NW., Washington, DC.

ITAC-T Study Group A, November 30, 1995, 1:00-5:00 p.m., at Bellcore, 6th Floor, 2101 L Street NW., Washington, DC.

ITAC-T Study Group A, January 9, 1995, 9:30 a.m.-4:00 p.m., Room 1205, U.S. Department of State, 2101 C Street NW., Washington, DC.

Detailed agendas will be provided prior to the meetings to the most recent

⁵ 17 CFR 200.30-3(a)(12) (1989)