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 NW., Washington, D.C. 20549. Copies of such filing also will be available for inspection and copying at the principal office of GSCC. All submissions should refer to the file number SR–GSCC–95–04 and should be submitted by November 27, 1995.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–27386 Filed 11–3–95; 8:45 am]

BILLING CODE 8010–01–M

[3] 17 CFR 200.30–3(a)(12) (1994).

[Release No. 34–36440; File No. SR–CHX–95–19]

Self-Regulatory Organizations; New York Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change and Amendment No. 1 to the Proposed Rule Change Relating to the Chicago Match

October 31, 1995.

I. Introduction

On July 27, 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 Article XXXVII of the Exchange's Rules to increase the number of daily matches in the Chicago Match to two. On August 22, 1995, the CHX submitted Amendment No. 1 to the proposed rule change.[3]

The proposed rule change, including Amendment No. 1, was published for comment in Securities Exchange Act Release No. 36139 (August 23, 1995), 60 FR 45196 (August 30, 1995). No comments were received on the proposal.

II. Background and Description of the Proposal

On November 30, 1994, the Commission approved a proposed rule of the Exchange that created the Chicago Match, an institutional trading system that integrates an electronic order match system with a facility for brokering trades.[4] The Chicago Match electronically crosses orders entered by users during regular trading hours for securities that are listed on the CHX or for which the CHX has unlisted trading privileges.[5] Orders that are matched electronically will be priced at the market price, which is equal to the mid-point between the Consolidated Best Bid and Offer, at a random time within a pre-determined ten minute period and will be executed at that time. Currently, the Chicago Match rules permit only one match to occur per trading day.[6]

The proposed rule change amends the Chicago Match rules to accommodate two matches per trading day.[7] As before, the matches will occur mid-day during the Exchange's primary trading session.

III. 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).[8] In particular, the Commission believes the proposal is consistent with the Section 6(b)(5) requirements that the rules of an exchange be designed to promote just and equitable principles of trade, 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.

The Commission historically has encouraged the creation of new electronic trading systems such as the Chicago Match that may contribute to increased execution alternatives available to investors. At the same time, the Commission requires that these exchange trading systems be consistent with the investor protection and fair and orderly market standards contained in the Act. In the Original Approval Order, the Commission found that the Chicago Match was consistent with these objectives. Nevertheless, in the Original Approval Order, the Commission raised concerns over the issue of non-member access to the Exchange. The Commission, however, found that several factors, including the fact that CHX matches will occur only once a day, served to assure sufficient control by CHX members over the activities of non-members to satisfy the requirements of the Act. The Commission also noted that any proposal increasing the number of matches would have to be considered and approved by the Commission.

After careful review, the Commission believes that the amended Chicago Match is consistent with the investor protection and fair and orderly market standards contained in the Act for the same reasons that are set forth in the Original Approval Order. The limited increase to two matches per trading day will continue to assure that CHX members have adequate controls over non-members to satisfy the requirements of the Act.[9] At the same time, the Commission believes that the additional match each day will benefit investors by providing them with an additional execution opportunity. In this context, the additional match will provide more flexibility to investors and allow them to utilize the Chicago Match one more time during the trading day in response to changing market conditions.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[10] that the proposed rule change (SR–CHX–95–19),

[1] U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Letter from David T. Rusoff, Attorney, Foley & Lardner, to Elisa Metzger, Attorney, SEC, dated August 22, 1995. In Amendment No. 1 to the proposed rule change, the Exchange clarifies that there will be two matches per day, which will occur midday during the Exchange's primary trading session. Moreover, the Exchange defines the term ''Cross Window'' to mean up to two ten minute intervals during the Primary Trading Session.

[4] Securities Exchange Act Release No. 35030 (November 30, 1994), 59 FR 63141 (''Original Approval Order'').

[5] Users may be CHX members or non-members. When a non-member, however, is given access to Chicago match, it must enter into several agreements to ensure that a member has responsibility and control over the non-member's activities.

[6] *See* Securities Exchange Act Release No. 35923 (June 30, 1995), 60 FR 35756 (approving an amendment to the Chicago Match that lowered the disclosure threshold for display of orders from 10,000, 5,000 or 2,000 shares depending on the security involved to 500 shares so that more orders in the Chicago Match would be displayed).

[7] There will be two announced ten minute periods for matching of orders. Orders that are entered by users prior to the first ten-minute period will participate in the first match of the day and orders that are entered by users after the first ten-minute period, but before the second ten-minute period will participate in the second match of the day. Orders that are not matched during the first match of the day will not automatically participate in the second match. Conversation between David Rusoff, Foley, & Lardner, and Jennifer S. Choi, Division of Market Regulation, SEC, on October 31, 1995.

[8] 15 U.S.C. 78f(b).

[9] The CHX has indicated that it may wish to add more matches, upon Commission approval. The CHX would have to submit a proposal pursuant to Section 19(b)(2) of the Act to add additional matches during the trading day.

[10] 15 U.S.C. 78s(b)(2).

including Amendment No. 1, is approved.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–27428 Filed 11–3–95; 8:45 am]

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[Release No. 34–36442; File No. SR–Phlx–95–32]

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval to Amendment No. 2 to Proposed Rule Change Relating to Broker-Dealer Orders on PACE

October 31, 1995.

I. Introduction

On June 12, 1995, the Philadelphia Stock Exchange, Inc. (''Phlx'' 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 Exchange Rule 229 to allow non-agency orders on the Philadelphia Stock Exchange Automated Communication and Execution (''PACE'') system [3] under certain circumstances. On September 19, 1995, the Exchange submitted to the Commission Amendment No. 1 to the proposed rule change.[4]

The proposed rule change was published for comment in Securities Exchange Act Release No. 36263 (Sept. 21, 1995), 60 FR 50226 (Sept. 28, 1995). No comments were received on the proposal. On October 25, 1995, the Exchange submitted to the Commission Amendment No. 2 to the proposed rule change.[5]

This order approves the proposed rule change, including Amendment No. 2 on an accelerated basis.

II. Description of Proposal

Currently, the PACE system only accepts agency orders.[6] The orders accepted under the system may be executed on a fully automated or manual basis in accordance with Rule 229.

The Exchange proposes to amend Supplementary Material .02 to Phlx Rule 229 to permit specialists to accept non-agency orders through PACE under certain circumstances. To do so, Phlx specialists must file with the Exchange a Specialist Agreement, which is an Exchange form signed by a Phlx equity specialist who has agreed to accept non-agency orders through PACE. The Specialist Agreement must identify the member firm that is interested in submitting orders through the PACE system and set forth the order size parameters applicable to such orders.[7]

Under the proposed rule change, the specialist may agree to execute non-agency orders accepted under the PACE system on an automatic or manual basis. Specialists that choose to execute non-agency orders automatically through PACE must provide the same PACE executions to non-agency orders as they provide to agency orders.[8] Specialists that choose to execute non-agency orders manually must do so in accordance with existing Exchange rules governing orders not on the system.

Moreover, the proposed rule change provides that any specialist who has agreed to facilitate broker-dealer orders on PACE must provide all broker-dealers with the opportunity to submit non-agency orders for execution through PACE on equal terms. As a result, a specialist may not provide a certain order size guarantee to one broker-dealer and then refuse to provide an equal size guarantee to another broker-dealer. Similarly, a specialist may not agree to provide automatic execution for one broker-dealer but not for another. Finally, under the proposed rule change, the Exchange will utilize the ''P'' order designator on the PACE system to indicate when an order is for the account of a broker-dealer.

The Exchange states that the purpose of permitting non-agency orders onto PACE is to extend the benefits of PACE to Phlx member firms for the proprietary as well as customer orders.

The Exchange believes that allowing such orders onto PACE should serve the important function of adding liquidity and trading opportunities to the Phlx marketplace. Moreover, the Exchange believes that PACE provides efficiencies to the Exchange's marketplace, which reduces costs incurred through the handling of orders on a more manual basis. The Exchange believes that such savings can now be realized for proprietary as well as customer orders.

III. 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).[9] The Commission believes the proposal is consistent with the Section 6(b)(5) requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, and, in general, to protect investors and the public interest.

Under new Supplementary Material .02 of Rule 229, non-agency orders may be routed through the PACE system for an automatic or manual execution. The Commission believes that the proposed rule change will be beneficial because it will allow broker-dealers to take advantage of the increased speed and reduced costs associated with the use of the Phlx's PACE system. Moreover, the Commission believes that the Exchange's proposal is consistent with the Act in that it does not discriminate between broker-dealers: all broker-dealer orders in a particular stock will receive the same treatment once a specialist has agreed to accept non-agency orders through PACE.

The Commission finds good cause for approving Amendment No. 2 to the rule change prior to the thirtieth day after the date of publication of notice of filing thereof. The Exchange's original proposal was published in the Federal Register for the full statutory period and no comments were received. In addition to clarifying and codifying the execution options of non-agency orders routed through PACE as originally proposed, Amendment No. 2 further restricts the scope of the proposed rule change by prohibiting specialists from providing

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[11] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] PACE is the Exchange's system for the automatic delivery and execution of orders on the Phlx equity floor.

[4] See Letter from Gerald D. O'Connell, First Vice President, Phlx, to Glen Barrentine, Team Leader, Division of Market Regulation, SEC, dated September 7, 1995.

[5] See Letter from Gerald D. O'Connell, First Vice President, Phlx, to Jennifer S. Choi, Division of Market Regulation, SEC, dated October 25, 1995.

[6] For purposes of the PACE system, an agency order is any order entered on behalf of a public customer, and does not include any order entered for the account of a broker-dealer, or any account in which a broker-dealer or an associated person of a broker-dealer has any direct or indirect interest. See Supplementary Material. 02 to Phlx Rule 229.

[7] Pursuant to Amendment No. 2, a specialist may agree to order size parameters for non-agency orders that are equal to or smaller than the order size parameters provided for agency orders.

[8] Provided that, in accordance with Amendment No. 2, a specialist may agree to order size parameters of non-agency orders that are smaller than the order size parameters provided to agency orders.

[9] 15 U.S.C. 78f(b).