

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 Exchange. All submissions should refer to File No. SR-NYSE-96-01 and should be submitted by March 27, 1996.

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

Margaret H. McFarland,

*Deputy Secretary.*

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[Release No. 34-36899; File No. SR-PHILADEP-95-10]

**Self-Regulatory Organizations; Philadelphia Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Modifying the Customer Name Mailing Transfer Return Procedures**

February 28, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on December 11, 1995, the Philadelphia Depository Trust Company ("PHILADEP") 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 primarily by PHILADEP. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

PHILADEP proposes to modify its Customer Name Mailing ("CNM")

transfer return procedures to allow a participant to have securities certificates that are registered in a customer's name deposited directly into the participant's PHILADEP account.

**II. Self-Regulatory Organization's Statements of the Purpose of, and the Statutory Basis for, the Proposed Rule Change**

In its filing with the Commission, PHILADEP included statements concerning the purpose of and the 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. PHILADEP has prepared summaries, as set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.<sup>2</sup>

**(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 modify the CNM transfer return procedures. Transfer return is the method by which PHILADEP returns to participants securities that the participant requested to be registered in customer name but for which the customer is no longer the beneficial owner. A typical transfer return situation arises when a customer requests that securities certificates be registered in its name. The participant notifies PHILADEP's CNM department of its request, and the CNM department notifies the appropriate transfer agent. The transfer agent issues the securities certificates in the customer's name and sends them back to PHILADEP. PHILADEP then mails the securities certificates to the customer.<sup>3</sup> If the participant notifies PHILADEP before PHILADEP has mailed the securities to the participant's customer that the customer has sold the securities, PHILADEP employs the transfer return procedures and returns the certificates directly to the participant. At this point, if the participant wants to deposit the certificates in its PHILADEP account, it must return the certificates to PHILADEP with the appropriate deposit information. PHILADEP will send the

<sup>2</sup> The Commission has modified the text of the summaries prepared by PHILADEP.

<sup>3</sup> Once PHILADEP receives these securities from the transfer agent, a participant may request that PHILADEP delay mailing these securities for a couple of days in order to verify that the customer in whose name the securities are registered still is the beneficial owner ("Hold Mail Request"). Many participants prefer to check the beneficial ownership of securities before PHILADEP mails them.

certificates to the transfer agent to have the certificates reregistered in PHILADEP's nominee name (*i.e.*, PHILADEP & Co.). The transfer agent will send the securities back to PHILADEP, and PHILADEP will deposit them in the participant's PHILADEP account.

The new transfer return procedures eliminate the need for PHILADEP to return to the participant securities certificates that the participant wants deposited in its PHILADEP account. Under the proposed modifications to the transfer return procedures, a participant now will be able to have the securities directly deposited into its PHILADEP account without first having the securities returned to it. For those securities registered in customer name that a participant chooses to directly deposit, the participant will send to PHILADEP a deposit ticket along with a Medallion Guaranteed letter of indemnity or a signed stock or bond power. PHILADEP will send the securities, which are registered in the participant's customer's name, to the transfer agent to be reregistered in the name of PHILADEP & Co. The transfer agent will send the securities back to PHILADEP, and PHILADEP will deposit them into the participant's PHILADEP account.

PHILADEP participants can choose this alternative transfer return procedure by including a letter "D" in the transmission with the Hold Mail Request. The letter "D" indicates to PHILADEP that the participant would like the item directly deposited into their deposit account at PHILADEP.

PHILADEP believes the proposed rule change is consistent with the requirements of the Act and specifically with Sections 17A(b)(3)(A) and (F)<sup>4</sup> because it fosters cooperation and coordination with persons engaged in the clearance and settlement of securities transactions and further assures the safeguarding of securities which are in the custody or control of PHILADEP.

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

PHILADEP does not believe that the proposed rule change will have an impact on or impose a burden on competition.

<sup>1</sup> 15 U.S.C. § 78s(b)(1) (1988).

<sup>4</sup> 15 U.S.C. §§ 78q-1(b)(3)(A) and (F) (1988).

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

Written comments were neither solicited nor received with respect to the proposed rule change.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)<sup>5</sup> of the Act and pursuant to Rule 19b-4(e)(4)<sup>6</sup> promulgated thereunder because the proposal effects a change in an existing service of PHILADEP that does not adversely affect the safeguarding of securities or funds in the custody or control of PHILADEP and does not significantly affect the respective rights or obligations or PHILADEP or persons using the service. At any time within sixty days of the filing of such rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes 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, 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 in the Commission's Public Reference Room, 450 Fifth Street, NW, Washington, D.C. 20549. Copies of such filings will also be available for inspection and copying at the principal office of PHILADEP. All submissions should refer to File Number SR-PHILADEP-95-10 and should be submitted by March 27, 1996.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

Margaret H. McFarland,  
Deputy Secretary.

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[Release No. 34-36903; File No. SR-Phlx-96-01]

**Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Restrictions on Exercise for A.M.-Settled Index Options**

February 28, 1996.

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 January 17, 1996, 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 and II below, which Items have been prepared by the self-regulatory organization. The Phlx has requested accelerated approval for the proposal. This Order approves the Phlx proposal on an accelerated basis and solicits comments from interested persons.

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

The Phlx proposes to amend Exchange Rules 1042A (and corresponding Options Floor Procedure Advice G-1) and 1101A to clarify their application to a.m.-settled index options. In addition, Phlx also proposes to clarify in its applicable Rule Commentary that Phlx Super Cap Index options trading hours extend until 4:15 p.m. The text of the proposed rule change is available at the Office of the Secretary, Phlx and at the Commission.

**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 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**

**1. Purpose**

The Exchange recently amended Rule 1006A, "Other Restrictions on Options Transactions and Exercises," to replace the term "business day" with "trading day" in order to correct the application of that rule to a.m.-settled index options.<sup>1</sup> As a result, restrictions on exercise are only in effect until the opening of business on the last business day before expiration, which is generally Friday for all index options. Following further review of the index options rules, however, the Exchange has identified two additional changes necessary to clarify the application of restrictions on exercise to a.m.-settled index options.

First, the Exchange proposes to amend Rule 1042A, "Exercise of Option Contracts," to replace the term "trading day" with "business day" in paragraph (b).<sup>2</sup> Paragraph (a) to Rule 1042A requires members to follow certain procedures when tendering exercise advices. Paragraph (b), however, states that the provisions of paragraph (a) do not apply on the last trading day before expiration. Although all index options expire on Saturday, the last trading day for a.m.-settled index options is Thursday. Under the current Rule, therefore, an investor who exercises an a.m.-settled option on Saturday by notifying his broker on Friday would be required to submit an exercise advice. Changing the term "trading day" to "business day" allows the Exchange to correct an unintended result and more clearly reflects that an exercise advice is not required for exercises of index options submitted on expiration Friday, whether a.m.-settled or p.m.-settled.

Second, the Exchange proposes to amend Commentary .01 to Rule 1101A, Terms of Option Contracts, to replace the language "including the business day prior to expiration" with "through the last trading day prior to expiration." This change is necessary because the old language implies that expiring a.m.-settled index options may trade on the Friday prior to expiration. By changing this language, the Exchange notes that broad-based index options to which the Commentary is applicable will be able

<sup>1</sup> See Securities Exchange Act Release No. 35827 (June 8, 1995), 60 FR 31336 (June 14, 1995).

<sup>2</sup> Phlx proposes to make the same change in Options Floor Procedure Advice G-1, Exercise Requirements.

<sup>5</sup> 15 U.S.C. § 78s(b)(3)(A)(iii) (1988).

<sup>6</sup> 17 CFR 240.19b-4(e)(4) (1995).

<sup>7</sup> 17 CFR 200.30-3(a)(12) (1995).