

this initiative that already have been incurred include the creation and maintenance of a DPP ticker symbol database and directory for several thousand identifiable DPP issues.

The NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(5)<sup>2</sup> of the Act. Section 15A(b)(5) specifies that the rules of a national securities association shall provide for the equitable allocations of reasonable dues, fees, and other charges among members, issuers, and other persons using any facility or system that the association operates or controls. The fee increase is the first since inception of the Service almost six years ago, and remains competitive with rates of the primary competitor.

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

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

*(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.

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

The foregoing rule change has become effective immediately pursuant to Section 19(b)(3)(A)(ii) of the Act and subparagraph (e) of Rule 19b-4 thereunder in that it constitutes a change to a due, fee, or other charge.

At any time within sixty (60) days of the filing of a proposed rule change pursuant to Section 19(b)(3)(A) of the Act, the Commission may summarily abrogate the 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, 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 number in the caption above and should be submitted by April 18, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority, 17 CFR 200.30-3(a)(12).

Jonathan G. Katz,  
Secretary.

[FR Doc. 96-7505 Filed 3-27-96; 8:45 am]

**BILLING CODE 8010-01-M**

**[Release No. 34-37001; File No. SR-NSCC-96-07]**

**Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of a Proposed Rule Change To Permit NSCC To Charge and To Collect From Members Charges Imposed by Certain Third Parties**

March 21, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on March 19, 1996, the National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-NSCC-96-07) as described in Items I, II, and III below, which items have been prepared primarily by NSCC. 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 purpose of the proposed rule change is to expand NSCC's authority to charge and to collect from members fees imposed by third parties.

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

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

*(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change*

NSCC proposes to expand its authority to charge and to collect from its members fees imposed by certain third parties. NSCC's current rules permit NSCC to charge members for fees imposed by self-regulatory organizations or other security industry organizations or entities with which NSCC has entered into agreements. The proposed modifications to NSCC's rules will permit NSCC to include on members' settlement statements charges imposed by other entities or organizations with which NSCC has entered into agreements and which provide services or equipment to members which are integral to the services provided by NSCC.

From time to time, third parties which have entered into agreements with NSCC and which provide NSCC members with certain services or equipment that facilitate access to NSCC services, request that NSCC directly bill its members for the services or equipment such third parties provide to members.<sup>3</sup> The proposed rule change will permit such third parties to aggregate individual member charges in one invoice to NSCC and will allow NSCC in turn to include the third parties' charges to individual members on such NSCC members' settlement statements. The proposed rule will thereby enable NSCC members to consolidate their payment obligations. If a member does not consent to such charges or otherwise disputes such charges, NSCC will not fine the member for not paying to NSCC the third party's charges. In addition, NSCC will have no

<sup>2</sup> The Commission has modified the text of the statements submitted by NSCC.

<sup>3</sup> For example, NSCC members may want to obtain computer hardware and/or software to access certain NSCC services. To facilitate such access, NSCC would make arrangements with a third party vendor to supply members with the appropriate hardware and/or software. The third party vendor would send a detailed monthly invoice directly to NSCC reflecting the individual member charge and aggregate charges for the month. NSCC would then include the appropriate charge on each member's monthly statement. NSCC would remit to the vendor within the agreed upon time period the amount that NSCC actually collected from members in connection with the vendor's charges.

<sup>2</sup> 15 U.S.C. § 78o-3.

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

liability to any third party vendors for such charges.

NSCC believes the proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder because the rule proposal provides for the equitable allocation of dues, fees, and other charges among NSCC's participants.

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

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

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

No written comments relating to the proposed rule change have been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

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

Within thirty-five 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 ninety 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 NSCC consents, the Commission will:

- (a) by order approve such 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, 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, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such

filing will also be available for inspection and copying at the principal office of NSCC. All submissions should refer to the file number SR-NSCC-96-07 and should be submitted by April 18, 1996.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>4</sup>

Jonathan G. Katz,  
Secretary.

[FR Doc. 96-7500 Filed 3-27-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37003; File No. SR-PHLX-95-68]

**Self-Regulatory Organizations; Order Approving Proposed Rule Change by the Philadelphia Stock Exchange, Inc., Relating To Exercise Price Intervals for Index Options**

March 21, 1996.

I. Introduction

On January 2, 1996, 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"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend PHLX Rule 1101A, "Terms of Option Contracts," to provide that the exercise (strike) price interval for near-term index options generally will be \$5, except: (1) where the exercise price exceeds \$500, the exercise price interval may be \$10; and (2) where the exercise price exceeds \$1,000, the exercise price interval may be \$20. For out-of-the-money, far-term (fifth month),<sup>3</sup> or long-term index option series (long-term options or "LEAPS"),<sup>4</sup> the proposal provides that the exercise price interval generally will be \$25, except: (1) where the exercise price exceeds \$500, the exercise price interval may be \$50; and (2) where the exercise price exceeds \$1,000, the exercise price interval may

<sup>1</sup> 17 CFR 200.30-3(a)(12) (1995).

<sup>2</sup> 15 U.S.C. § 78s(b)(1) (1988).

<sup>3</sup> 17 CFR 240.19b-4 (1955).

<sup>4</sup> Under PHLX Rule 1101A(b), the Exchange may list index option series of up to four cycle months and up to three consecutive months. According to the PHLX, most index options currently have five months trading at a given time, consisting of three cycle/quarterly series and two consecutive month series. For example, as of September 1995, the National Over-the-Counter Index ("XOC") had the following months listed: October, November, December, March, and June.

<sup>5</sup> Under PHLX Rule 1101A(b)(iii), the Exchange may list long-term options with up to 60 months until expiration. See Securities Exchange Act Release No. 35616 (April 17, 1995), 60 FR 20135 (April 24, 1995) (order approving File No. SR-PHLX-95-11).

be \$100. In addition, where the exercise price interval is greater than \$5, the PHLX may list exercise prices at \$5 intervals in response to demonstrated customer interest or a specialist request. The proposal also allows the PHLX to list exercise prices at wider intervals.

Notice of the proposal appeared in the Federal Register on February 7, 1996.<sup>5</sup> No comments were received on the proposed rule change.

II. Description of the Proposal

The PHLX proposes to amend PHLX Rule 1101A to incorporate new exercise price intervals for index options. Currently, PHLX Rule 1101A(a) states that the Exchange shall determine fixed point intervals of exercise prices for index options. According to the PHLX, the interval for index options generally is \$5,<sup>6</sup> except in the far-term series of broad-based index options.<sup>7</sup> The PHLX proposes to widen the exercise price interval for all index options in accordance with a formula which takes into consideration the index value and time until expiration. Specifically, the PHLX proposes to list the following exercise price intervals for index options:

Index value	Near-term strikes	5th month/ LEAPS
500 or less .....	\$5	\$25
500 to 999 .....	10	50
1,000 or more ...	20	100

Where the exercise price interval is wider than \$5, the Exchange proposes to list (fill-in) exercise prices at \$5 intervals in response to demonstrated customer interest or a specialist request.

The purpose of the proposal is to list index options with exercise prices at wider intervals, which should reduce the number of index option exercise prices listed on the Exchange.

<sup>5</sup> See Securities Exchange Act Release No. 36796 (January 31, 1996), 61 FR 46599.

<sup>6</sup> See e.g., Securities Exchange Act Release No. 35591 (April 11, 1995), 60 FR 19423 (April 18, 1995) (order approving File No. SR-PHLX-95-07) (listing of USTOP 100 Index ("TPX") options). The PHLX notes that, generally, the strike price interval of an index option is listed in the contract specifications for the option.

<sup>7</sup> See PHLX Rule 1101A, Commentary .02. Commentary .02 provides that exercise prices for index options shall be \$5.00, except exercise prices in the far-term series of XOC options, Value Line Composite Index ("VLE") options, Big Cap Index options and TPX options shall be \$25.00 unless there is demonstrated customer interest at \$5.00 intervals. Commentary .02 states that, for purposes of the commentary, demonstrated customer interest includes institutional (firm), corporate or customer interest expressed directly to the Exchange or through the customer's floor brokerage unit, but not interest expressed by a Registered Options Trader ("ROT") with respect to trading for the ROT's own account.