

the role of senior citizens and qualified retirement plans as investors and their importance to our markets and to capital formation, and to consider whether the federal securities laws provide adequate protections to senior citizens and qualified retirement plans against securities fraud and abusive securities litigation. The Commission also believes that it would be appropriate to consider the special needs of senior citizens and qualified retirement plans and whether changes to the federal securities laws or to the commission's rules or regulations are necessary or desirable to address those needs.

III. Solicitation of Public Comment

The Commission seeks comment on the issues and questions described above and, more particularly, on the following questions with respect to investors that are senior citizens or qualified retirement plans:

1. What is the rule and importance of senior citizens and qualified retirement plans as investors in our financial markets, and how is that role and importance changing?

2. What are their special needs as investors, and what changes to the federal securities laws or to the Commission's rules or regulations may be necessary or desirable to address those needs?

3. Do they require greater protection against securities fraud than is provided in the Act and the amendments made by the Act, or than is provided under the federal securities laws?

4. Have they been adversely impacted by abusive or unnecessary securities fraud litigation? Are the provisions in the Act or amendments made by the Act sufficient to protect their investments from such litigation, or, more generally, are the provisions of the federal securities laws sufficient to protect their investments from such litigation?

5. What changes to the federal securities laws or to the Commission's rules or regulations may be necessary or desirable to thoroughly protect senior citizens and qualified retirement plans against securities fraud and abusive or unnecessary securities fraud litigation?

Commenters are requested to direct their comments to the special needs and circumstances of senior citizens and qualified retirement plans. Comments should not simply voice support for, or criticism of, the Act generally.

By the Commission.

Dated: March 21, 1996.

Jonathan G. Katz,
Secretary.

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[Release No. 34-36996; File No. SR-CBOE-96-10]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to Multiple Representation

March 20, 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 March 6, 1996, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "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

Currently, CBOE Rule 6.55, "Multiple Orders Prohibited," provides that no CBOE member, for any account in which he has an interest or on behalf of a customer, shall maintain with more than one broker orders for the purchase or sale of the same option contract or other security, or the same combination of option contracts or other securities, with knowledge that such orders are for the account of the same principal. The CBOE proposes to amend CBOE Rule 6.55 by adding paragraph (b), which will provide that, except in accordance with procedures established by the appropriate Floor Procedure Committee, or with such Floor Procedure Committee's permission in individual cases, no market maker shall enter or be present in a trading crowd while a floor broker present in the trading crowd is holding an order on behalf of the market maker's individual account or an order initiated by the market maker for an account in which the market maker has an interest. The proposal will also add Interpretation and Policy .01, which will provide three procedures under which a market maker may enter a trading crowd in which a floor broker is present who holds an order on behalf of the market maker's individual account or an order initiated by the market maker for an account in which the market maker has an interest, and Interpretation and Policy .02, which will advise CBOE members to consult Exchange regulatory circulars concerning joint accounts for procedures government the

simultaneous presence in a trading crowd of participants in and orders for the same joint account.

The text of the proposal is available at the Office of the Secretary, CBOE, 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 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

According to the CBOE, the purpose of CBOE Rule 6.55 is to prevent a person from being disproportionately represented in a trading crowd. In furtherance of this purpose, CBOE Rule 6.55 currently provides that no Exchange member, for a customer or for any account in which the member has an interest, shall maintain with more than one broker orders for the purchase or sale of the same option contract or other security, or the same combination of option contracts or other securities, with the knowledge that such orders are for the account of the same principal.

The CBOE states that, in addition to this prohibition and in furtherance of the same purpose, the Exchange also has had a long-standing policy of prohibiting market makers, except in accordance with procedures established by the appropriate Floor Procedure Committee or with such Floor Procedure Committee's permission in individual cases, from entering or being present in a trading crowd while a floor broker present in the trading crowd is holding an order on behalf of the market maker's individual account or an order initiated by the market maker for an account in which the market maker has an interest.¹ This policy, which is

¹ Exceptions to this policy which have been approved by a Floor Procedure Committee are contained in Exchange Regulatory Circular RG95-64 which concerns the trading activities of joint account participants in the Standard & Poor's ("S&P") 100 ("OEX") and S&P 500 ("SPX") index option classes. See also Securities Exchange Act

Continued

reflected in Exchange Floor Report Number 21, dated May 15, 1975, and in educational materials which are provided to Exchange members, prevents a market maker from avoiding CBOE Rule 6.55 by placing an order with a floor broker for a particular option contract or other security and also representing himself or herself in the trading crowd for such option contract or other security. The purpose of the proposed rule change is to specifically delineate this policy in the Exchange's rules by including it in a new paragraph (b) to CBOE Rule 6.55.²

In addition, the CBOE proposes to add Interpretation and Policy .01 to CBOE Rule 6.55 to specify three alternative procedures that govern how a market maker may permissibly enter a trading crowd in which a floor broker is present who holds an order on behalf of the market maker's individual account or an order initiated by the market maker for an account in which the market maker has an interest.

Under the first alternative, the market maker must make the floor broker aware of the market maker's intention to enter the trading crowd and the floor broker must time-stamp the order ticket for the market maker order and write the notation "Cancel" or "CXL" next to the time stamp. If the market maker wishes to re-enter the order upon the market maker's exit from the trading crowd, the floor broker must at that time again time stamp the order ticket and write the notation "Reentry" or "RNTRY" next to such subsequent time stamp.

Under the second alternative, the market maker must cancel the market maker order by giving the floor broker a written cancellation of the order which is time-stamped by the market maker immediately prior to its transmission to the floor broker. If the market maker wishes to re-enter the order upon the market maker's exit from the trading crowd, a new order ticket must be used.

Under the third alternative, the market maker must cancel the market maker order by taking the order ticket for the order back from the floor broker,

provided that the market maker allows the floor broker to retain a copy of the order ticket (which copy the floor broker must time-stamp at the time of cancellation and retain for the floor broker's records). If the market maker wishes to re-enter the order upon the market maker's exit from the trading crowd, a new order ticket must be used.

The CBOE states that the proposed amendment to CBOE Rule 6.55 also codifies past practice by providing that the appropriate Floor Procedure Committee may adopt other procedures which, if followed, would permit a market maker to be exempt from the requirements of paragraph (b) of CBOE Rule 6.55, or may grant permission for a market maker to enter a trading crowd in a particular instance notwithstanding the requirements of that paragraph.

Finally, the proposed amendment makes certain editorial changes to CBOE Rule 6.55 that do not affect its substance, such as changing the title of CBOE Rule 6.55 from "Multiple Orders Prohibited" to "Multiple Representation Prohibited" in order to more accurately reflect the scope of the amended rule.

The CBOE believes that the proposed rule change is consistent with Section 6(b) of the Act, in general, and furthers the objectives of Section 6(b)(5), in particular, in that it prohibits the multiple representation of an order in a trading crowd, thereby promoting just and equitable principles of trade, removing impediments to and perfecting the mechanism of a free and open market and a national market system, and, in general, protecting investors and the public interest.

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

The CBOE does not believe that the proposed rule change will impose any 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 were solicited or received with respect to the proposed rule change.

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

Within 35 days after the 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 reason 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) 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 at 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 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.³

Jonathan G. Katz,
Secretary.

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[Release No. 34-37000; International Release No. 955; File No. SR-ISCC-96-02]

Self-Regulatory Organizations; International Securities Clearing Corporation; Notice of Filing of a Proposed Rule Change To Permit ISCC 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"),¹ notice is hereby given that on March 19, 1996, the International Securities Clearing Corporation ("ISCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-

³ 17 CFR 200.30-3(a)(12) (1995).

¹ 15 U.S.C. 78s(b)(1) (1988).

Release No. 36977 (March 15, 1996) (order approving File No. SR-CBOE-95-65) (approving regulatory circular which provides that a joint account trading in equity options may be represented simultaneously in a trading crowd by participants trading in person).

² The proposal also adds Interpretation and Policy .02 to CBOE Rule 6.55, which states that members should consult Exchange regulatory circulars concerning joint accounts in connection with procedures governing the simultaneous presence in a trading crowd of participants in and orders for the same joint account, since such circulars have in the past granted certain exemptions to the policy proposed to be delineated in CBOE Rule 6.55 with respect to the trading of joint accounts.