

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. 20549. Copies of such filing also will be available for inspection and copying at the principal office of the American Stock Exchange. All submissions should refer to File No. SR-Amex-96-02 and should be submitted by March 25, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁵

Margaret H. McFarland,
Deputy Secretary.

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[Release No. 34-36883; File No. SR-PSE-96-01]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Pacific Stock Exchange, Inc. Relating to Its Options Firm Quote Rule

February 23, 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 16, 1996, the Pacific Stock Exchange, Inc. ("PSE" or "Exchange") 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 by the PSE. 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 Exchange proposes to amend its Options Firm Quote Rule (Rule 6.86, the "rule") in order to codify some related floor policies and also to clarify certain provisions of the rule.

The text of the proposed rule change is available at the Office of the

Secretary, the PSE, 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 Exchange 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 PSE 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 is proposing to modify its Options Firm Quote Rule as follows:

Order Identification

Subsection (a) of the rule currently provides that members and member organizations who enter orders for execution on the Options Floor must ascertain the account origin of such orders and provide a notation of the account origin on the order ticket. The Exchange is proposing to modify this provision to provide that such members and member organizations would be required to communicate such account information to the executing member organization. Accordingly, the member or member organization entering the order must indicate to the executing member organization whether the order is for the account of a customer, firm or market maker.

The proposal would also set forth the duty of executing floor brokers to inquire personally as to the account origin of each eligible order upon receipt thereof or prior to its execution and to note such information on the order ticket.

Finally, under the proposal, the executing member organization and the clearing member organization would bear greater responsibility with respect to the proper identification of orders that are executed on behalf of non-members of the Exchange.

Commentary .05

Proposed Commentary .05 sets forth certain types of orders that are subject to the rule and the extent to which the rule applies to such orders. The rule specifically addresses the treatment of combination orders, spread orders,

straddle orders and contingency orders. With respect to combination orders, market Makers in a trading crowd would only be responsible for providing an aggregate of 20 contracts on one side of the market; however, Market Makers would be required to provide a depth of twenty contracts on both sides of the market for spread and straddle orders.

The proposed Commentary also enumerates the types of contingency orders that are subject to the rule, *i.e.*, "minimum" orders of 20 contracts or less and market not-held, limit not-held and delta orders that can be executed immediately. The types of contingency orders that are not subject to the rule include: "minimum" orders for more than 20 contracts, buy-writes, all-or-none orders for more than 20 contracts, delta orders traded with stock and contingency orders that have been partly executed.

The proposed Commentary also provides that in executing contingency orders pursuant to the rule, the order ticket must be time stamped upon being taken into the trading crowd. The Commentary also states that such orders are entitled to 20 contracts on the market disseminated at that time.

Commentary .06

Proposed Commentary .06 provides that Market Makers must be afforded a "reasonable" opportunity to update their disseminated markets for the execution of consecutive eligible customers orders in options on the same underlying security. The Commentary further provides that orders shall be executed on a time priority basis so that the order with the earliest time stamp will receive a guaranteed fill of 20 contracts.

Commentary .07

Proposed Commentary .07 provides that a Floor Broker may be held liable for an entire order if such Floor Broker attempts to solicit a better price than the limit price stipulated on the order ticket and such attempt creates a change in the market that does not result in an immediate execution.

Commentary .08

Proposed Commentary .08 designates those Market Makers to whom the Order Book Official may, pursuant to current Subsection (d), allocate the balance of contracts necessary to provide an execution of 20 contracts when the response of the members present at the trading post is insufficient to provide a depth of 20 contracts. Specifically, such allocations may be made to Market Makers who: (1) Are present at the trading post at the time of a call for a

¹⁵ 17 CFR 200.30-3(a)(12).

market; and either (2) hold an appointment in the option classes at the trading post or (3) regularly effect transactions in person for their trading accounts at that trading post.

In addition, this proposed Commentary provides that Market Makers who have logged on to the Automatic Execution system, but who are not present in the trading crowd will not be eligible for an allocation by the Order Book Official pursuant to current Subsection (d).

2. Basis

The Exchange 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 facilitates transactions in securities and promotes just and equitable principles of trade.

B. Self-Regulatory Organization's Statement on Burden on Competition

The PSE does not believe that the proposed rule change will impose any inappropriate 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 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 90 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 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. 20459. 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 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 PSE. All submissions should refer to File No. SR-PSE-96-01 and should be submitted by March 25, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹

Margaret H. McFarland,
Deputy Secretary.

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DEPARTMENT OF STATE

[Public Notice 2349]

Notice Convening an Accountability Review Board for the Attack on the Headquarters of the Office of Program Manager, Saudi Arabian National Guard in Riyadh, in Which Five Americans Were Killed

Pursuant to section 301 of the Omnibus Diplomatic Security and Antiterrorism Act of 1986 (22 U.S.C. 4831 *et seq.*), I have determined that the November 13, 1995, car-bomb attack on the headquarters of the Office of Program Manager, Saudi Arabian National Guard in Riyadh, Saudi Arabia, involved loss of life related to a U.S. mission abroad. Therefore, I am convening an Accountability Review Board, as required by that statute, to examine the facts and circumstances of the attack and report to me such findings and recommendations as it deems appropriate, in keeping with the attached mandate.

I have appointed Ambassador Alfred L. Atherton as chairman of the Board. He will be assisted by former Ambassador Peter Sebastian; Brigadier General Thomas J. Konitzer, USA; Mr. William Piekney; and Mr. James A. Brooke. Mr. Andrew Winter will act as Executive Secretary. The members will bring to their deliberations distinguished backgrounds in government service and the private sector.

I have asked the Board to submit its conclusions and recommendations to

me within sixty days of its first meeting, unless the chairman determines a need for additional time. Appropriate action will be taken and reports submitted to the Congress on any recommendations made by the Board.

Anyone with information relevant to the Board's examination of this incident should contact the Board promptly at (202) 647-3300.

Dated: February 22, 1996.

Strobe Talbott,
Deputy Secretary of State.

Attachment

Mandate

Accountability Review Board Mandate

A. Review and Report. The Accountability Review Board shall examine the facts and circumstances surrounding the November 13, 1995, car bomb attack on the headquarters of the Office of Program Manager, Saudi Arabian National Guard (OPM/SANG) in Riyadh, Saudi Arabia, which killed five American and two third country national employees and wounded over thirty others, and shall submit a detailed written report to the Deputy Secretary of State within 60 days of its first meeting. If the chairman determines that more than 60 days are necessary to complete the Board's review, he shall notify the Deputy Secretary of State of that fact and the amount of additional time needed.

B. Findings. In accordance with section 304(a) of the Omnibus Diplomatic Security and Antiterrorism Act of 1986 ("the Act"), the Board shall make written findings in its report to include at least the following matters:

- (1) The extent to which the incident with respect to which the Board was convened was security-related;
- (2) whether in this case the security systems and security procedures at the mission were adequate;
- (3) whether the security systems and security procedures were properly implemented in this case;
- (4) the impact of intelligence and information availability in this case; and
- (5) such other facts and circumstances in this case which may be relevant to the appropriate security management of United States missions abroad.

C. Program Findings and Recommendations. The Board shall submit its findings (which may be classified to the extent deemed necessary by the Board) to the Deputy Secretary of State, together with recommendations as appropriate to improve the security and efficiency of any program or operation which the Board has reviewed.

D. Personnel Findings and Recommendations. If the Board finds reasonable cause to believe that an employee of the United States Government or member of the uniformed services, as defined by section 303(a)(1)(B) of the Act, has breached his or her duty, the Board shall:

- (1) Notify the individual concerned;
- (2) transmit the finding of reasonable cause, together with all information relevant

¹ 17 CFR 200.30-3a(a)(12).