

has not yet been told which portfolio of the Trust it will be asked to manage. Once this has been decided, PAI will provide Maverick with a compliance manual, which the consultant or outside counsel will review to ensure that it meets applicable requirements under the Act. Maverick's compliance procedures then will be updated to reflect this review of the compliance manual provided by PAI.

5. Maverick will continue to utilize the services of both consultants if temporary and permanent relief is granted. Before the expiration of the one year temporary order, applicants will have each consultant perform another thorough inspection of Maverick's operations and certify to the Commission that applicants are in compliance with the securities laws before the Division acts on the request for permanent relief. Further, as a condition to the permanent exemption, applicants will agree to have the consultants perform on-site periodic audits of Maverick to make sure that Maverick is following the compliance procedures. Neither Wyly nor Maverick will be able to dismiss either of the consultants without appointing another consultant that is not unacceptable to the Commission.

6. Applicants argue that, in light of the foregoing procedures, barring Maverick from serving as a subadviser to one portfolio of a registered investment company because of events that occurred more than 16 years ago would be unduly and disproportionately severe. Applicants also state that Wyly will not be involved in advisory activities for the Trust and assert that his conduct during the 16 years since the entry of the injunction has been such as not to make it against the public interest or protection of investors to grant the relief requested.

Applicants' Conditions

1. Applicants agree that any temporary order granted pursuant to the application will be subject to the following conditions:

a. With respect to registered investment companies, Maverick will provide investment advice only as subadviser to one portfolio of the Trust.

b. Wyly will not have a direct, personal role in providing investment advice to the Trust.

c. Wyly will not attend any partnership meeting at which the operations of, or provision of investment advice to, the Trust portfolio are proposed to be discussed, and will excuse himself from any meeting at which such subjects arise. Further, Wyly will not discuss the provision of

investment advice to such portfolio with any person responsible for providing such advice.

d. When Maverick is appointed subadviser to a specific portfolio of the Trust, applicants will provide Maverick's updated compliance manual and the updated consultant's report on Maverick's compliance procedures to the Division.

2. Applicants agree that any permanent relief granted pursuant to the application will be subject to the conditions to the temporary relief and the following additional conditions:

a. Prior to the expiration of the temporary order, an independent consultant(s) not unacceptable to the SEC will confirm in writing to the SEC that Maverick is operating in compliance with the Act and the Advisers Act.

b. Maverick's chief compliance officer will certify annually that Maverick has complied with the procedures and practices referred to in the consultants' reports, and that those procedures and practices continue to be sufficient to ensure Maverick's compliance with the state and federal securities laws. One copy of that certification will be maintained as part of the permanent records of Maverick, and one copy will be delivered to the board of directors of the Trust.

c. An independent consultant(s) not unacceptable to the SEC will conduct periodic on-site inspections of Maverick to ensure that Maverick is following all compliance procedures.

By the Commission.

Jonathan G. Katz,
Secretary.

[FR Doc. 96-17629 Filed 7-10-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37393; File No. SR-CBOE-96-35]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Inc., To Amend the Firm Facilitation Exemption

July 2, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 12, 1996, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in

¹ 15 U.S.C. § 78s(b)(1) (1988).

² 17 CFR 240.19b-4.

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

The CBOE, pursuant to Rule 19b-4 of the Act, proposes to amend the firm facilitation exemption provisions of its common or basic position limit rule.

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

Earlier in 1996, the CBOE obtained Commission approval to expand the firm facilitation exemption³ from position and exercise limits to all non-multiply-listed Exchange option classes.⁴ Interpretation .06 to Exchange Rule 4.11, the common or basic position limit rule, contains the new firm facilitation exemption provisions. Currently, only a member firm who facilitates and executes an order for its own customer⁵ may qualify for a firm facilitation exemption.

The CBOE is proposing to amend the firm facilitation exemption so that both: (a) A member firm who facilitates its own customer whose account it carries, whether the firm executes the order itself or gives the order to an independent broker for execution; and (b) a member firm who receives a customer order for execution only (and thus will not have the resulting position carried by the firm, may qualify for this

³ The CBOE notes that a facilitation trade is a transaction that involves crossing an order of a member firm's public customer with an order from the member firm's proprietary account.

⁴ See Securities Exchange Act Release No. 36964 (March 13, 1996), 61 FR 11453 (March 20, 1996) (File No. SR-CBOE-95-68).

⁵ The CBOE defines a customer order as one that is entered, cleared, and in which the resulting position is carried with the firm.

exemption. The CBOE believes that the proposed rule change will better allow its member firms to meet the investing needs of their customers.

Because the proposed amendment to the firm facilitation exemption should enhance the depth and liquidity of the market by allowing member firms an exemption from position limits to facilitate large customer orders, whether they are firms who accept customer orders for execution only, or they are firms who carry their customers' accounts and positions, the Exchange believes that this rule change is consistent with and furthers the objectives of Section 6(b)(5) of the Act in that it would remove impediments to and perfect the mechanism of a free market in a manner consistent with the protection of 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 inappropriate burden on competition.

C. Self-Regulatory Organization's Statement on the Comments on 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 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 self-regulatory organization consents, the Commission will:

A. By order approve the 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. 20549. Copies of such filing also will be available for inspection and copying at the principal office of the CBOE. All submissions should refer to File No. SR-CBOE-96-35 and should be submitted by August 1, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁶

Jonathan G. Katz,

Secretary.

[FR Doc. 96-17665 Filed 7-10-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37394; File No. SR-DTC-96-10]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the Processing Schedule for Deposits and Withdrawals of Government Securities

July 2, 1996.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on May 30, 1996, The Depository Trust Company ("DTC") 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 DTC. 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 proposed rule change modifies DTC's processing schedule for deposits and withdrawals of government securities eligible for settlement through the Federal Reserve Book-Entry ("FBE") system.

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

In its filing with the Commission, DTC included statements concerning

the purpose of 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. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

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

DTC proposes to revise the processing schedule for deposits and withdrawals of government securities eligible for settlement through the FBE system. In the past, participants depositing securities through the FBE system were required to deposit eligible securities by 12:30 p.m. Eastern Standard Time ("EST") in order to receive credit in time for the securities to be used the same day for DTC book-entry deliveries for value. As a result of recent changes in the cutoff time for the FBE system and the recent conversion by DTC to a same-day funds settlement system, DTC is able to extend from 12:30 p.m. to 2:00 p.m. EST the time by which a participant may deposit such securities through the FBE system so that the securities may be used that day for valued book-entry deliveries.

DTC is also able to extend the time by which a participant may withdraw securities eligible for the FBE system in order to make a book-entry delivery from DTC's account at the Federal Reserve Bank of New York ("FRBNY") to another FRBNY member. DTC proposes to extend the cutoff time for the withdrawal of FBE system eligible securities from 11:00 a.m. EST to 1:00 p.m. EST.

The proposed rule change is consistent with the requirements of Section 17A of the Act,³ in that the proposed rule change will promote efficiencies in the clearance and settlement of government securities transactions.

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

DTC does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

² The Commission has modified parts of these statements.

³ 15 U.S.C. 78q-1 (1988).

⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1) (1988).