

better capitalized than WCDTC and WCCC; and (4) Philadep's belief that CDS has comprehensive and formalized risk management controls. However, Philadep has not provided the Commission with any supporting documentation regarding its assertion that there will be a reduction in short selling activity, that CDS is better capitalized than WCDTC and WCCC, or that CDS has comprehensive and formalized risk management controls. Additionally, the Commission is currently reviewing SSCP's proposed rule change to modify its participants fund formula and has not granted its approval to the proposal.⁸ Therefore, it is the Commission's position that the extra financial protections that are currently being applied to the WCDTC account (*i.e.*, \$1 million participants fund deposit and \$5 million (Canadian) in a letter of credit) should remain in place at the same levels.

Philadep has requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of the filing. The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing because accelerated approval will allow Philadep to immediately appoint CDS as its nonexclusive agent and custodian thus allowing CDS to continue the correspondent depository activities currently being performed by WCDTC. Effective November 1, 1996, CDS will assume the operations of WCDTC and WCCC. The staff of the Board of Governors of the Federal Reserve System have concurred with the Commission's granting of accelerated approval.⁹

On June 28, 1996, the Commission extended the temporary approval of Philadep's custodial arrangement with WCDTC until December 31, 1996, so that Philadep and the Commission could further monitor, review, and analyze this custodial arrangement.¹⁰ Accordingly, the Commission is granting temporary approval of the proposed rule change through April 30, 1997, so that the Commission can continue to monitor and analyze the development of CDS as Philadep's nonexclusive agent and custodian. During this period, Philadep will monitor the nonexclusive agent and

custodian arrangement between Philadep and CDS to ensure that proper risk management procedures are in place. In this regard, the Commission requests that Philadep continue to file monthly reports analyzing activity in CDS's omnibus account and subaccounts. Therefore, the Commission is temporarily approving the proposed rule change through April 30, 1997.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submission should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submissions, 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 filings will also be available for inspection and copying at the principal office of Philadep. All submissions should refer to file number SR-Philadep-96-17 and should be submitted by November 29, 1996.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-Philadep-96-17) be, and hereby is, approved through April 30, 1997.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹¹

Jonathan G. Katz,

Secretary.

[FR Doc. 96-28696 Filed 11-7-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37914; File No. SR-Phlx-96-41]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Designating Options as Tier I Securities

November 1, 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 October 11, 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, 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 Exchange, pursuant to Rule 19b-4 of the Act, proposes to include equity options, index options and other option like products issued, cleared and guaranteed by the Options Clearing Corporation ("OCC") as Tier I securities under Exchange Rule 803.

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

1. Purpose

The purpose of the proposed rule change is to amend Exchange Rule 803 to include equity options, index options and other OCC issued products as Tier I securities in order to allow these options to take advantage of the blue sky exemptions afforded the Phlx's Tier I securities.

In 1994, the Exchange received approval to adopt a two tier listing criteria program for equity and debt securities.¹ The Exchange originally adopted its Tier I listing standards in conjunction with the signing of a Memorandum of Understanding ("MOU") with the North American Securities Administrators Association

⁸ File No. SR-SCCP-96-08.

⁹ Telephone conversation between John Rudolph, Supervisory Trust Analyst, Board of Governors of the Federal Reserve Board, and Chris Concannon, Staff Attorney, Division, Commission (October 31, 1996).

¹⁰ *Supra*, note 4.

¹¹ 17 CFR 200.30-3(a)(12) (1996).

¹ See Securities Exchange Act Release No. 34235 (June 17, 1994), 59 FR 32736 (June 24, 1994).

("NASAA").² The Phlx MOU is modeled after the MOU between the National Association of Securities Dealers ("NASD") and NASAA,³ which is entitled "A Model Uniform Marketplace Exemption." In the order approving the Exchange's new Tier I listing standards, the Commission noted that the Exchange was adopting the MOU standards in an effort to provide issuers whose securities were listed under Tier I, a greater opportunity to obtain blue sky exemptions.⁴ Since adopting that MOU, the Exchange has received blue sky exemptions for its Tier I listed securities from a number of states. The Exchange did not, however, include equity and index options as Tier I securities. Since the Exchange's equity/debt security listing standards are provided in a separate rule from its option listing standards⁵, the exclusion of the options as Tier I securities were merely an oversight rather than an intentional exclusion.

The OCC, which is considered the issuer of all Phlx listed options, has the responsibility of registering these options. OCC has indicated to the Exchange that because it is not able to take advantage of the blue sky exemptions accorded to the Phlx's Tier I securities, it must register Phlx listed options in numerous states in which it would not otherwise be required to register if the options were considered Tier I securities. The Exchange, therefore, proposes to include its equity options, index options and any other OCC issued, cleared and guaranteed products as Tier I securities.

This proposal is not without precedent. The Pacific Stock Exchange ("PSE") includes equity and index options as Tier I securities⁶ under its MOU with NASAA. Since the PSE's Tier I securities listing standards and its equity and index option listing standards⁷ are virtually identical to those of the Phlx, the Exchange does not believe that NASAA will object to the Phlx making this amendment to its MOU.

2. Statutory Basis

The proposed rule change is consistent with Section 6 of the Act in

general, and in particular, with Section 6(b)(5), in that it is designed to promote just and equitable principles of trade, prevent fraudulent and manipulative acts and practices, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, as well as to protect investors and the public interest.

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

The Exchange 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 either solicited or received.

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 the 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, 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

Room. 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-Phlx-96-41 and should be submitted by November 29, 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. 96-28700 Filed 11-7-96; 8:45 am]

BILLING CODE 8010-01-M

DEPARTMENT OF TRANSPORTATION

Aviation Proceedings; Agreements Filed During the Week Ending 11/1/96

The following Agreements were filed with the Department of Transportation under the provisions of 49 U.S.C 412 and 414. Answers may be filed within 21 days of date of filing.

Docket Number: OST-96-1914.

Date filed: October 29, 1996.

Parties: Members of the International Air Transport Association.

Subject:

PTC23 EUR-SEA 0005 Dated October 1, 1996

Europe-Southeast Asia Resolutions R1-23

MINUTES—PTC23 EUR-SEA 0008 dated October 25, 1996

TABLES—PTC23 EUR-SEA FARES 0003 dated October 18, 1996

CORRECTION—PTC23 EUR-SEA 0006 dated October 18, 1996

Intended effective date: April 1, 1997.

Docket Number: OST-96-1917.

Date filed: October 31, 1996.

Parties: Members of the International Air Transport Association.

Subject:

PTC31 N/C 0008 dated October 11, 1996 r1-6

PTC31 N/C 0009 dated October 11, 1996 r7-23

PTC31 N/C 0010 dated October 11, 1996 r24-37

PTC31 N/C 0011 dated October 11, 1996 r38-51

PTC31 N/C/0012 dated October 11, 1996 r52

North & Central Pacific Resolutions

PTC31 N/C 0013 dated October 29, 1996 PTC31 N/C Fares 0003 dated October 18, 1996

PTC31 N/C Fares 0004 dated October 18, 1996

PTC31 N/C Fares 0005 dated October 18, 1996

Intended Effective date: April 1, 1997.

Paulette V. Twine,
Chief Documentary Services Division.

[FR Doc. 96-28779 Filed 11-7-96; 8:45 am]

BILLING CODE 4910-62-P

² NASAA is an association of securities administrators from each of the 50 states, the District of Columbia, Puerto Rico and ten Canadian provinces.

³ See Securities Act Release No. 6810 (Dec. 16, 1988), 53 FR 52550 (Dec. 28, 1988).

⁴ See *supra* note 1 n. 12.

⁵ See Rules Phlx 803 through 805 for equity and debt security listing standards; Phlx Rules 1009 and 1009A for listing standards applicable to options on equities and indexes respectively.

⁶ See PSE Rule 3.2(b).

⁷ See PSE Rules 3.6 and 7.