

## 2. Statutory Basis

The proposed rule change is consistent with Section 6(b)(5) of the Act in that it is designed to promote just and equitable principles of trade, to remove impediments and to perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. This rule change is designed to perfect the mechanism of a free and open market in that it enhances the information provided to investors by displaying to them the dollar value of the price improvement their orders may have received when executed on the CHX.

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

The Exchange believes that no burden will be placed on competition as a result of the proposed rule change. In fact, the Exchange believes that the NATIONAL BEST program can reasonably be expected to enhance competition by disclosing to investors the amount of savings they may realize as a result of the price improvement their orders may receive when executed on the CHX.

### *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.

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

Because the foregoing proposed rule change: (1) Does not significantly affect the protection of investors or the public interest, (2) does not impose any significant burden on competition, and (3) does not have the effect of limiting access to or availability of any Exchange order entry or trading system, the NATIONAL BEST program has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act and Rule 19b-4(e)(5) thereunder.<sup>4</sup> At any time within 60 days of the filing of such rule change, the Commission may summarily abrogate such 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 purpose 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 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 Section, 450 Fifth Street NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the CHX. All submissions should refer to File No. SR-CHX-96-03 and should be submitted by February 20, 1996.

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

Margaret H. McFarland,  
Deputy Secretary.

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[Release No. 34-36753; File No. SR-CHX-95-30]

### **Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Stock Exchange, Incorporated Relating to Order Processing Fees and Transaction Fees**

January 22, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on January 2, 1996 the Chicago Stock Exchange, Incorporated ("CHX" 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 proposes to amend Section (c), add a new Section (d), and make conforming renumbering changes

to existing Sections (d) through (o) of its Membership Dues and Fees Schedule.

#### **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 simplify the Exchange's order processing and transaction fee schedule. The new fee schedule contemplates two types of fees. First, the CHX will assess a processing fee for odd lot orders and limit orders that are placed on a specialist's book and are executed subsequently. The odd lot processing fee is similar to the current odd lot transaction fee, except that it will not include applicable trade recording fees.<sup>2</sup> It will be \$.35 per trade, up to a maximum of \$400.00 per month. The open limit order processing fee will be \$.25 per limit order that is executed. Orders in NASDAQ/NMS Securities<sup>3</sup> will not be assessed any order processing fees.

Second, the Exchange will assess certain transaction fees for orders executed on the CHX. Market orders sent via MAX<sup>4</sup> will not be assessed any

<sup>2</sup> The Commission notes that the CHX has decided to terminate the clearance and settlement services offered by several of its subsidiaries. See Securities Exchange Act Release No. 36684 (Jan. 5, 1995), 61 FR 1195 (approving the necessary proposed rule changes and providing details of the CHX's agreement not to engage in the businesses from which it has decided to withdraw).

<sup>3</sup> The Commission notes that the National Association of Securities Dealers, Inc. refers to such securities as "Nasdaq National Market Securities." However, the Exchange, in order to maintain consistency within its rules, still utilizes the term "NASDAQ/NMS Securities." The Exchange intends to update this aspect of its rules at a later date. Telephone conversation between David T. Rusoff, Attorney, Foley & Lardner, and Anthony P. Pecora, Attorney, SEC (Jan. 16, 1996).

<sup>4</sup> MAX stands for "Midwest Automated Execution System." This system may be used to provide automated delivery and execution of certain orders. See Chicago Stock Exchange Guide, Article XX, Rule 37.

<sup>4</sup> 17 CFR 240.19b-4(e)(5).

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

transaction fees. All other orders (except orders of specialists, orders in NASDAQ/NMS Securities, and orders of a floor broker acting in the capacity as a principal) will be charged a transaction fee on a sliding scale. There will be no charge for the first 500 shares; a \$.0075 per share charge for the next 2000 shares; a \$.005 per share charge for the next 7500 shares; and a \$.004 per share charge for the remaining shares of an order. This transaction fee will be capped at a maximum of \$100.00 per side. This cap is similar to the cap on round lot trades today<sup>5</sup> except that it will not include applicable trade recording fees.<sup>6</sup> The Exchange will impose a maximum cap of \$7,000 per month for transaction fees on orders sent via MAX that are executed. Also, for these fees, the Exchange will impose maximum monthly transaction fees of \$45,000 for firms with a floor broker or market maker presence on the floor of the Exchange and \$65,000 for orders of all-floor members. The Exchange will continue to waive transaction fees for orders in Tape B eligible issues that are executed through MAX.<sup>7</sup> In addition, all transaction fees for orders in NASDAQ/NMS Securities will be waived.

Fees for specialists will remain unchanged.

Floor brokers acting in the capacity as a principal will be charged a transaction fee for each such order on a sliding scale. There will be no charge for the first 500 shares; a \$.0015 per share charge for the next 2000 shares; a \$.001 per share charge for the next 7500 shares; and a \$.0008 per share charge for the remaining shares of an order. The transaction fee will be capped at a maximum of \$20.00 per side. However, there will be no monthly cap on these transaction fees.

<sup>5</sup> The language contained in the Exchange's current fee schedule refers to a "per trade" cap, but the Exchange's practice has been to interpret this as a "per side" cap. Therefore, the practical effect of this filing would be to align the language contained in the CHX's fee schedule with its current interpretation. Telephone conversation between David T. Rusoff, Attorney, Foley & Lardner, and Glen Barrentine, Senior Counsel/Team Leader, SEC (Jan. 18, 1996).

<sup>6</sup> See *supra* note 2.

<sup>7</sup> The Consolidated Tape, operated by the Consolidated Tape Association ("CTA"), compiles current last sale reports in certain listed securities and disseminates these reports to vendors on a consolidated basis. The CTA is comprised of the New York, American, Boston, Cincinnati, Chicago, Pacific, and Philadelphia Stock Exchanges, as well as the Chicago Board Options Exchange and the National Association of Securities Dealers, Inc. Transactions in American Stock Exchange listed stocks and qualifying regional listed stocks are reported on CTA Tape B. See Securities Exchange Act Release No. 35239, (Jan. 19, 1995), 60 FR 4935 (extending the waiver transaction fees for Tape B eligible issues that are executed through MAX).

## 2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act<sup>8</sup> in general and furthers the objectives of Section 6(b)(4)<sup>9</sup> in particular in that it provides for the equitable allocation of reasonable dues, fees, and other charges among the Exchange's members and other persons using its facilities.

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

The Exchange believes the proposed rule change does not impose any burden on competition.

### C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

The foregoing rule change constitutes or changes a due, fee, or other charge imposed by the Exchange and, therefore, has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>10</sup> and subparagraph (e) of Rule 19b-4 thereunder.<sup>11</sup>

At any time within sixty days of the filing of such proposed rule change, the Commission may summarily abrogate such 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, 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

<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(4).

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4.

available for inspection and copying at the Commission's Public Reference Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of the CHX. All submissions should refer to File No. SR-CHX-95-30 and should be submitted by February 20, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>12</sup>

Margaret H. McFarland,  
Deputy Secretary.

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[Release No. 34-35750; File No. SR-DTC-95-18]

## Self-Regulatory Organizations; The Depository Trust Company; Order Approving a Proposed Rule Change Seeking to Establish a Coupon Collection Service for Municipal Bearer Bonds

January 22, 1996.

On September 18, 1995, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-DTC-95-18) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").<sup>1</sup> On October 30, 1995, DTC filed an amendment to the proposed rule change.<sup>2</sup> Notice of the proposal was published in the Federal Register on December 11, 1995.<sup>3</sup> No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

### I. Description

The proposed rule change establishes a service for the collection of interest relating to the coupons from municipal bearer bonds. This service includes collection of coupons which are due in the future as well as past-due coupons for DTC eligible and ineligible municipal issues payable in the United States. Past-due coupons will be accepted for up to three years after the payable date.

DTC participants using this service must deposit coupons in a standard

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

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

<sup>2</sup> Letter from Piku K. Thakkar, Assistant Counsel, DTC, to Mark Steffensen, Esq., Division of Market Regulation ("Division"), Commission (October 26, 1995).

<sup>3</sup> Securities Exchange Act Release No. 36545 (December 1, 1995), 60 FR 63554.