

Street, Chicago, Illinois 60611-2092 and the OMB reviewer, Laura Oliven (202-395-7316), Office of Management and Budget, Room 10230, New Executive Office Building, Washington, D.C. 20503.

**Chuck Mierzwa,**  
Clearance Officer.

[FR Doc. 95-784 Filed 1-11-95; 8:45 am]

BILLING CODE 7905-01-M

---

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-35197; File No. SR-Amex-94-57]

### Self-Regulatory Organizations; American Stock Exchange, Incorporated; Notice of Filing of Proposed Rule Change Relating to Implementation of a Three-Day Settlement Standard

January 6, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that the American Stock Exchange Inc. ("Amex") filed with the Securities and Exchange Commission ("Commission") a proposed rule change on December 13, 1994, and filed an amendment thereto on December 23, 1994, as described in Items I, II, and III below, which items have been prepared primarily by Amex. 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

Amex proposes to modify its rules to implement a three business day settlement standard.

#### Self-Regulatory Organization's Statement Regarding the Proposed Rule Change

In its filing with the Commission, Amex 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 Amex 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

On October 6, 1993, the Commission adopted Rule 15c6-1 under the Act which establishes three business days after the trade date ("T+3") instead of five business days ("T+5") as the standard settlement cycle for most broker-dealer trades.<sup>2</sup> The rule will become effective June 7, 1995.<sup>3</sup> In the release adopting Rule 15c6-1, the Commission concluded that a T+3 settlement cycle, as compared to the current T+5 settlement cycle, will reduce credit and liquidity risks and will increase efficiency in broker-dealer and clearing agency operations.

In order to accommodate the implementation of the new settlement standard pursuant to Commission's Rule 15c6-1, Amex will amend the following rules. Rule 17, which concerns transactions in rights and warrants, refers to five business days in describing when transactions preceding the final day of trading must be made only for "cash" settlement. "Five" will be changed to "three." Rule 124(c) defines delivery conditions for "regular way" as the fifth business day following the contract. "Fifth" will be changed to "third." Rule 124(d) requires seller's option delivery to be made within the time specified in the option, which time shall not be less than six business days nor more than sixty days. "Six" will be changed to "four."

Rule 179(a) requires during the five business days preceding the final day for trading in an issue of rights, every order entered on a specialist's book shall be for "next day" delivery. "Fifth" will be changed to "third." Rule 179(b) dictates during the five final business days for trading in an issue of warrants, every order entered on a specialist's book shall be for "cash," and during the three preceding business days every such order entered shall be for "next day" delivery. "Fifth" will be changed to "third." Rule 179(c) requires during the five business days preceding the final day for trading in an expiring equity security, every order entered on the specialist's book shall be for "next day" delivery, and on the final day for trading in such equity security, every order entered on a specialist's book shall be for "cash." "Fifth" will be changed to "third."

Rule 205C(2) requires that where an odd-lot dealer accepts "seller's option"

trades for delivery within not less than six business days nor more than thirty days following the day of the contract, such order shall be filled at a price below the effective round lot sale or bid regular way by the amount of any differential. "Six" will be changed to "four."

Rule 423 refers to fourth and third business days in discussing agent instructions with respect to receipt versus payment ("RVP") or delivery versus payment ("DVP") customer transactions. "Fourth" and "third" will be changed to "second" and "first." Rule 830 states that transactions in stocks shall be ex-dividend or ex-rights on the fourth business day preceding the record date. "Fourth" business day will be changed to "second" business day. With regard to a record date other than a business day, the "fifth" will be changed to the "third." The proposal also eliminates the distinction between New York City transfers and transfers outside New York City.

Rule 858 directs settlement in contracts in bonds dealt in "and interest." There shall be added to the contract price interest on the principle amount at the rate specified in the bond, which shall be computed up to but not including the day on which delivery is due, except that in the case of contracts made "seller's option." Currently interest is computed only up to but not including the fifth business day following the day of the contract. The proposed rule change would compute the interest up to the day when delivery would have been due if the contract had been made "regular way."

Rule 862 states that the notice for the return of loans of securities must be given before 3:45 P.M. on a business day and such return shall be made on the "fifth" business day following the day in which notice is given. "Fifth" will be changed to "third."

Rule 866 requires for loans of securities to be deliverable on the "fifth" business day following the day of the loan unless otherwise agreed to by the parties. "Fifth" will be changed to "third." Rule 882 refers to delivery of securities and due-bills after the record date or after the "equivalent New York record date" and requires the seller to pay or to deliver to the buyer the distribution made with respect to such security. With stock or cash dividends or rights to subscribe, the seller shall deliver to the buyer either the dividend or rights or a due-bill for such dividend or rights within five days after the record date or the equivalent New York record date. "Fifth" day will be changed to "third." The proposal also eliminates

<sup>2</sup> Securities Exchange Act Release No. 33023 (October 6, 1993), 58 FR 52891.

<sup>3</sup> Securities Exchange Act Release No. 34952 (November 9, 1994), 59 FR 59137.

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