

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 in the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, DC. 20549. Copies of such filing also will be available for inspection and copying at the principal office of the PSE. All submissions should refer to File No. SR-PSE-94-27 and should be submitted by February 21, 1995.

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

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-35191; File No. SR-PHLX-94-70]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Philadelphia Stock Exchange, Inc., Proposing To Extend its OTC/UTP Pilot Program

January 3, 1995.

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 December 27, 1994, 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 and II 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 Phlx, pursuant to Rule 19b-4 of the Act, proposes to extend the

effectiveness of the pilot program and its accompanying rules regarding the trading of Nasdaq/National Market ("Nasdaq/NMS") securities on the Exchange pursuant to unlisted trading privileges ("Phlx OTC/UTP Pilot Program") for a six-month period ending June 30, 1995.

The Exchange requests the Commission to find good cause, pursuant to Section 19(b)(2) of the Act, for approving the proposed rule change prior to the thirtieth day after publication in the **Federal Register**. Due to the non-controversial nature of the Phlx OTC/UTP Pilot Program, coupled with its previously scheduled expiration date of December 31, 1994, the Phlx respectfully requests accelerated approval of this filing.

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 III 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

In 1985, the Commission published its policy to allow the extension of unlisted trading privileges ("UTP") by national securities exchanges in certain over-the-counter ("OTC") securities, provided that certain terms and conditions are satisfied. On June 26, 1990, the Commission approved a joint transaction reporting plan ("Joint OTC/UTP Plan" or "Plan") submitted by the National Association of Securities Dealers, Inc. ("NASD"), the American Stock Exchange, the Boston Stock Exchange, the Midwest Stock Exchange ("MSE," currently operating as the Chicago Stock Exchange, or "Chx"), and the Phlx.³ The Joint OTC/UTP Plan

governs the collection, consolidation, and dissemination of quotation and transaction information for Nasdaq/NMS securities traded on exchanges and by NASD market makers.

The current proposed rule change will continue the Phlx OTC/UTP Pilot Program that provides for trading of Nasdaq/NMS securities on the Exchange pursuant to UTP. Although the Chx has been trading Nasdaq/NMS securities since 1987, the Phlx obtained temporary approval of its rules to facilitate trading Nasdaq/NMS securities in late 1992,⁴ and began trading the securities in February 1993. Since that time, the Phlx has been operating the program without any adverse consequences or developments which negatively effect the program. Therefore, the Exchange seeks an extension of the Phlx OTC/UTP Pilot Program to further develop the overall OTC/UTP program.

Since April 1994, the Phlx has temporarily suspended making markets in OTC/UTP securities. However, the Phlx desires to keep the program in place for future use once certain elements of the Joint OTC/UTP Plan are worked out between the NASD and the other participants in the Plan.

2. Statutory Basis

This proposal is consistent with the Section 6(b)(5) of the Act and the rules and regulations promulgated thereunder. Specifically, the proposal is calculated to promote just and equitable principles of trade and to protect investors and the public interest. Due to the non-controversial nature of the Phlx OTC/UTP Pilot Program, coupled with the previously scheduled expiration of the Phlx's OTC/UTP privileges, the Phlx requests accelerated approval of this filing.

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

The Phlx does not believe that the proposed rule change will be a 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. Solicitation of Comments

Interested persons are invited to submit written data, views and

³ See Securities Exchange Act Release No. 28146 (June 26, 1990), 55 FR 27917 ("Joint OTC/UTP Plan Order"). The Commission has approved an extension of the effectiveness of the Joint OTC/UTP Plan through January 12, 1995. See Securities Exchange Act Release No. 34371 (July 13, 1994), 59 FR 37103 (order approving Amendment No. 1 to File No. S7-24-89) ("Joint OTC/UTP Plan Extension Order").

⁴ See Securities Exchange Act Release No. 31672 (December 30, 1992), 58 FR 3054 (order approving File No. SR-PHLX-92-04) ("1992 Phlx Pilot Order"). See also Securities Exchange Act Release No. 33408 (December 30, 1994), 59 FR 1045 ("1993 Phlx Pilot Extension Order").

¹ 15 U.S.C. 78s(b)(1) (1988).

² 17 CFR 240.19b-4 (1991).