

Form BD⁴ which does the same with respect to broker-dealer applicants.

Finally, the proposed rule change makes certain editorial changes to clarify the Membership Fee Circular without affecting its substance.

The CBOE represents that the proposed rule change is consistent with Section 6 of the Act, in general, and furthers the objectives of Section 6(b)(4) of the Act in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other changes among CBOE members.

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 solicited or received with respect to the proposed rule change.

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

Because the foregoing rule change establishes or changes a due, fee, or other charge imposed by the Exchange, it has become effective pursuant to Section 19(b)(3)(A) of the Act and subparagraph (e) of Rule 19b-4 thereunder. At any time within 60 days of the filing of the 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, 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, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the CBOE. All submissions should refer to the File No. SR-CBOE-95-30 and should be submitted by July 13, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,
Deputy Secretary.

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Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change To Add Interpretation and Policies .01, .02, and .03 Under Rule 3 of Article V of the Exchange's Rules and To Add a New Clerk's Fee

June 16, 1995.

On March 1, 1995 the Chicago Stock Exchange, Inc. ("CHX" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to add interpretation and policies .01, .02 and .03 under Rule 3 of Article V of the Exchange's Rules and to add a new clerk's fee.

The proposed rule change was published for comment in Securities Exchange Act Release No. 35667 (May 3, 1995), 60 FR 24947 (May 10, 1995). No comments were received on the proposal.

First, the proposed rule change adopts interpretations under which *all* Floor employees will be required to submit a Uniform Application for Securities Industry Registration or Transfer ("Form U-4") in order to become registered.³ The Form U-4 requires detailed disclosure of background information, including information regarding employment and disciplinary history, and is the standard industry form

submitted to Self Regulatory Organizations ("SROs") for individuals required to be registered (including securities salespersons and traders). The Form U-4 also requires this information to be updated whenever the information submitted becomes inaccurate or incomplete.

Second, the Exchange also is imposing a requirement that a member (or member organization) promptly give written notice of termination of a Floor employee to the Exchange on the Uniform Termination Notice for Securities Industry Registration (Form U-5)⁴ and concurrently provide a copy of such notice to the person who has been terminated.

Third, the proposal will require all Floor employees of members and member organizations and all Exchange members to be fingerprinted and to submit such fingerprints to the Exchange for identification, background checking, and appropriate processing.⁵

Finally, the proposal will impose an initial registration fee on clerks of \$50.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, with the requirements of Sections 6(b).⁶ In particular, the Commission believes the proposal is consistent with the Section 6(b)(5) requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, and, in general, to protect investors and the public. Further, the Commission believes that the proposal is consistent with Section 6(c)(2) of the Act⁷ in that it should assist the Exchange in fulfilling its regulatory responsibilities regarding the granting of membership by identifying those individuals who are subject to a statutory disqualification under Section 3(a)(39) of the Act.⁸ In

⁴ Form U-5 contains information relating to the circumstances surrounding the termination of an applicant's prior employment, and must be completed and submitted to the NASD, and other SROs requiring such a submission under their respective rules, whenever a registered employee is terminated.

⁵ Fingerprinting currently is required for each partner, director, officer or employee of broker-dealers pursuant to Rule 17f-2 under the Act, with certain exceptions. Floor clerks are not required by Rule 17f-2 to submit fingerprints because they do not physically handle monies or securities. See 17 CFR 240.17f-2 (1994).

⁶ 15 U.S.C. 78f(b) (1988).

⁷ See 15 U.S.C. 78f(c) (1988).

⁸ The Exchange is required to make a determination in each case where an individual who is subject to a statutory disqualification (e.g., is suspended or barred by an SRO, or has been

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⁴ 17 CFR 249.501 (1992).

⁵ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1) (1988).

² 17 CFR 240.19b-4 (1994).

³ Currently, only Floor employees that accept orders from the public and applicants for membership are required to submit a Form U-4 to the Exchange.