

bearing upon whether the application has been made in accordance with the rules of the exchanges and what terms, if any, should be imposed by the Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application after the date mentioned above, unless the Commission determines to order a hearing on the matter.

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

Jonathan G. Katz,
Secretary.

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Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the American Stock Exchange, Inc. Relating to Rule 590 Minor Rule Violation Fine Systems

June 28, 1995.

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 June 20, 1995, the American Stock Exchange, Inc. ("Amex" 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 is amending its Minor Rule Violation Fine Systems (Rule 590) to add a number of additional minor rule violations to Rule 590. The text of the proposed rule change is as follows [new text is italicized; deleted text is bracketed]:

Minor Rule Violation Fine Systems

Part I

General Rule Violations

Rule 590

(a) through (d): No Change.

(e) The [maximum] fines authorized under Paragraphs (g) and (h) of Part 1 of this Rule [(i.e.,] for violations [subsequent to] for a second offense [as set forth in Paragraphs (g) and (h).] and for subsequent offenses may be imposed [for] in the case of a first or second offense if warranted under the circumstances.

(f): No Change.

(g) The following is a list of the rule violations and applicable fines that may be imposed by the Exchange's Enforcement Department pursuant to Part 1 of this Rule.

1 through 6: No Change.

7. [Failure to submit audit trail data or failure to submit accurate audit trail data. (Article V, Section (4)(h), (j) and (k) and Rule 31)] *Violation of the Exchange's policy with respect to the proper submission of audit trail data, including both the failure to submit audit trail data and the failure to submit accurate audit trail data.*

8 through 12: No Change.

(h) The following is a list of the rule violations and applicable fines that may be imposed by the Exchange's Minor Floor Violations Disciplinary Committee pursuant to Part 1 of this Rule.

1 through 7: No Change.

8. *Violation of the "2, 1, and 1/2 Point Rule." (Rule 154, Commentary .08)*

9. *Failure to comply with Stop Order procedures and approval requirements. (Rule 154, Commentary .04)*

10. *Failure to obtain Floor Official approval when establishing, increasing, or liquidating a position. (Rule 170, Commentary .01 and .02)*

11. *Violation of Intermarket Trading System (ITS) rules relating to Pre-Opening Applications (Rule 232) and Trade Throughs, Locked Markets, and the Block Trade Policy (Rule 236).*

12. *Failure to comply with the requirements relating to agency crosses. (Rule 126(g), Commentary .02)*

13. *Failure to submit a properly completed Specialist Floor Broker Questionnaire. (Rule 30)*

14. *Failure to obtain Exchange approval of member or member firm proprietary electronic devices or systems used on the Exchange floor. (Rule 220)*

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

Currently under Paragraph (g) of Part 1 of Rule 590, the Exchange's Enforcement Department is authorized, after a matter has been referred to it, to impose fines ranging from \$500 to

\$2,500 against individuals and from \$1,000 and \$5,000 against member firms, for a series of minor rule violations listed in Paragraph (g). The individual or member firm may plead guilty and pay the fine or contest the charge and request a hearing before an Exchange Disciplinary Panel. Under Paragraph (h), the Exchange's Minor Floor Violation Disciplinary Committee is authorized to impose the same fines against individuals and member firms for a series of additional minor rule violations listed in Paragraph (h). The minor violations that the Disciplinary Committee is authorized to hear are primarily floor related, while the minor violations that the Enforcement Department is responsible for generally relate to "upstairs" activities.

The Exchange's Minor Rule Violation Fine Systems have worked well in practice, providing for a convenient and quick resolution of minor rule violations. As a result, the Exchange would like to increase the number of minor violations covered by rule 590. It is proposed that a number of minor floor related violations now be added to Paragraph (h) of the rule. The following is a list of the additional violations for which the Minor Floor Violation Disciplinary Committee will have fining authority.

1. Violation of the "2, 1, and 1/2 Point Rule." (Rule 154, Commentary .08)

2. Failure to comply with Stop Order procedures and approval requirements. (Rule 154, Commentary .04)

3. Failure to obtain Floor Official approval when establishing, increasing, or liquidating a position. (Rule 170, Commentary .01 and .02)¹

4. Violation of Intermarket Trading System (ITS) rules relating to Pre-Opening Applications (Rule 232) and Trade Throughs, Locked Markets, and the Block Trade Policy. (Rule 236)

5. Failure to comply with the requirements relating to agency crosses. (Rule 126(g), Commentary .02)

6. Failure to submit a properly completed Specialist Floor Broker Questionnaire. (Rule 30)

7. Failure to obtain Exchange approval of member or member firm proprietary electronic devices or systems used on the Exchange floor. (Rule 220)

In addition to the above minor rule violations being added to Rule 590, the Exchange proposes to amend Paragraph

¹ The Exchange intends to utilize the fining authority under Rule 590 only with respect to the most technical and nonsubstantive violations of the Floor Official requirement under Rule 170. All major violations of this provision will be referred to the Enforcement Department for appropriate action.