

used solely to record arbitrage transactions (an "arbitrage account").

As with the exception for liquidation of block facilitation positions, the burden of proof to demonstrate that customer consent was obtained would fall on the member or member organization. The terms "bona fide arbitrage" and "risk arbitrage" would have the meaning ascribed to them in Securities Exchange Act Release No. 15533.⁶

Exception for Market Makers

The Exchange's proposal would exempt from Rule 92 transactions by a member organization acting in the capacity of a market maker pursuant to Rule 19c-3 under the Act,⁷ and transactions by a regional exchange specialist or market maker, to the extent that a riskless principal trade is effected and immediately liquidated at the same price to a customer on that exchange.

Information Barriers

The amendments to Rule 92 provide that a member or employee of a member organization responsible for entering proprietary orders shall be presumed to have knowledge of a particular customer order unless the member organization has implemented a reasonable system of internal policies and procedures to prevent the misuse of information about customer orders by those responsible for entering such proprietary orders. Each member organization would have the flexibility to implement such procedures as it deemed appropriate to its own business operations.

2. Statutory Basis

The basis under the Act for the proposed rule change is the requirement under Section 6(b)(5) that an Exchange have rules that are designed to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest. The proposed rule change will enable member organizations to add depth and liquidity to the Exchange's market, while continuing to provide customer protection through the requirement of customer approval for trading along situations.

⁶ Securities Exchange Act Release No. 15533 (January 26, 1979).

⁷ Rule 19c-3 under the Act provides that the rules of national securities exchanges may not impose off-board trading restrictions on securities listed after April 26, 1979.

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

As the proposed amendments to Rule 92 would apply equally to all market centers with respect to trading by NYSE members and member organizations, the Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange understands that the Commission has received comments on SR-NYSE-94-34 and Amendment No. 1 thereto from several self-regulatory organizations and member organizations. The Exchange believes that issues raised by these commentators are addressed herein, and in a letter from James E. Buck, Senior Vice President and Secretary of the Exchange, to Brandon Becker, Director of the Division of Market Regulation, dated March 15, 1995.⁸

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

Within 35 days of the publication of this notice in the **Federal Register** or within such other period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve the proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

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, 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

⁸ This letter and all other comment letters received by the Commission regarding the NYSE's proposal are available in the Commission's public reference room in File No. SR-NYSE-94-34.

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, N.W., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the NYSE. All submissions should refer to File No. SR-NYSE-94-34 and should be submitted by August 18, 1995.

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

Margaret H. McFarland,
Deputy Secretary.

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Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the New York Stock Exchange, Inc. Relating to an Extension of Its Pilot Program for Stopping Stock Under Amendments to Rule 116.30

July 21, 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 July 19, 1995, the New York Stock Exchange, Inc. ("NYSE" 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 proposed rule change consists of a request to extend amendments to Rule 116.30, with respect to the ability of specialists to stop stock in minimum variation markets for three months until October 21, 1995.¹ The text of the

¹ The NYSE received approval to amend Rule 116.30, on a pilot basis, in Securities Exchange Act Release No. 28999 (Mar. 21, 1991), 56 FR 12964 (Mar. 28, 1991) (File No. SR-NYSE-90-48) ("1991 Approval Order"). The Commission subsequently extended the NYSE's pilot program in Securities Exchange Act Release Nos. 30482 (Mar. 16, 1992), 57 FR 10198 (Mar. 24, 1992) (File No. SR-NYSE-92-02) ("1992 Approval Order"); 32031 (Mar. 22,