exchange's displayed price of 23/4 while that floor trader sends a mirror-image order to an exchange displaying an offer price of 25/8. The floor trader sends such order under his own broker-dealer giveup. The receiving exchange's floor traders do not know that the order is for the benefit of a customer and are under no obligation to provide the order with its exchange customer guarantee. Consequently, the order may not be executed and the quote, in accordance with the "trade or fade" rules on the options exchanges, may then be changed to a 23/4 offer. Once the quote has faded to 23/4, the customer is deprived of an opportunity to receive a 25/8 fill, as the floor trader who sent the order may then fill the customer at his own exchange's displayed price of 23/4, without the concern of creating a tradethrough.

As proposed herein, the P/A designator would serve to inform receiving markets that a customer order is being represented by the floor trader's order.4 Knowledge that the order is for the benefit of a customer will form the basis for such orders to be provided with those customer volume guarantees currently afforded to customer orders received directly by the various exchanges. Use of the P/A designator therefore will ensure that the customer receives the volume guarantee provided on the exchange displaying the superior price and will reverse the deleterious effects the trade-or-fade rules may have had in promoting fades of such prices, at least in instances where a customer order is involved. By providing orders placed in the name of floor traders, but for the benefit of customers, with public customer volume guarantees, the proposal promotes objectives of the national market system in the options marketplace. Specifically, the proposal promotes the practicability of brokers executing investors' orders in the best market.⁵ In addition, the proposal is intended to assure the economically efficient execution of securities transactions.6

As an interim step toward implementing these national market system objectives in the equity options marketplace, the use of the P/A designator would be adopted on a voluntary basis by Phlx floor traders and

available to any reciprocating floor traders on other national options exchanges who have agreed to execute Phlx P/A orders in the same multiply-listed options on the same basis. In preparation for such implementation, the Exchange has identified its multiply-listed options participating in the voluntary P/A designation.

To qualify as a P/A order, the mirrorimage order sent by the floor trader must be for no more than the number of contracts on the customer's order inhand and must be either a market or a marketable limit order. An order would not qualify as a P/A order if the customer's order has already been executed prior to the time the mirrorimage order is sent to the Phlx. To qualify as "customer," the account for which price improvement is sought must be a non-broker-dealer account.

The proposed rule change is consistent with Section 6(b)(5) of the Act ⁷ in that it is designed to promote just and equitable principles of trade, prevent fraudulent and manipulative acts and practices, remove impediments to and perfect the mechanism of a free and open market and a national market system, as well as to protect investors and the public interest, by improving the execution procedure for principal-acting-as-agent orders in multiply-listed options.

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

The Phlx does not believe that the proposed rule change will result in 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

No written comments were either solicited or received.

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

Within 35 days of the date of publication of this notice in the Federal Register or within such longer 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 Phlx consents, the Commission will:

(A) by order approve such 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, NW, 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 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 Room. Copies of such filing will also be available for inspection and copying at the principal office of the Phlx. All submissions should refer to File No. SR-Phlx-95-66 and should be submitted by October 19, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority, 17 CFR 200.30–3(a)(12). Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–24096 Filed 9–27–95; 8:45 am] BILLING CODE 8010–01–M

[Release No. 34–36263; File No. SR-Phlx-95–32]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Broker-Dealer Orders on PACE

September 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 June 12, 1995, 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, II, and III below, which Items have been prepared by the self-regulatory organization. On September 19, 1995, the Exchange submitted to the Commission Amendment No. 1 to the proposed rule change, which is also described below. The Commission is

⁴The Phlx will surveil for compliance with the provision to assure that its traders are sending orders on behalf of a bona fide customer account prior to such customer order being executed on the exchange where that order was routed to receive the benefit of the better price available on that exchange. The Phlx expects equivalent surveillance to be conducted on all participating exchanges.

^{5 15} U.S.C. 78k-1(a)(1)(C)(iv).

^{6 15} U.S.C. 78k-1(a)(1)(C)(i).

^{7 15} U.S.C. § 78f.

¹ See letter from Gerald D. O'Connell, First Vice President. Phlx. to Glen Barrentine. Team Leader.