or the underlying securities. Markets that exhibit active and deep trading, as well as broad public ownership, are more difficult to manipulate or disrupt than less active markets with smaller public floats. In this regard, the Technology Index is a broad-based price-weighted index consisting of 100 actively traded technology stocks in the U.S. Accordingly, given the size and breadth of the Index, the Commission believes that increasing position limits to 37,500 contracts will not significantly increase any manipulative concerns. In addition, the Exchange's surveillance program will continue to be applicable to the trading of Technology Index options and should detect and deter any potential trading abuses arising from the increased position and exercise limits.

The Exchange submitted data comparing the Technology Index to several other broad-based indexes, including the Russell 2000 Index, Standard & Poor's 400 and 600 Indexes, the Wilshire Small Cap Index and the National Over-the-Counter Index. The Commission believes that the comparative data confirms that the proposed Technology Index position limits of 37,500 contracts are similar to those of the other options exchanges on similar indexes. For example, as of September 22, 1995, the S&P 400 Index had an index value of 214.46 and position limits of 45,000 contracts, creating a maximum attainable position of approximately \$970 million.¹² As of the same date, the Technology Index proposed position and exercise limits of 37,500 contracts had a maximum attainable position of \$773 million.13

It therefore is ordered, pursuant to Section 19(b)(2) of the Act,¹⁴ that the proposed rule change (SR–PSE–95–18) relating to increased position and exercise limits on the Technology Index is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁵

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–29149 Filed 11–28–95; 8:45 am] BILLING CODE 8010–01–M [Release No. 34–36503; File No. SR– PHILADEP–95–07]

Self-Regulatory Organizations; The Philadelphia Depository Trust Company; Order Granting Approval of a Proposed Rule Change Implementing the Fully Automated Securities Transfer Reconciliation Accounting Control System

November 22, 1995.

On July 14, 1995, the Philadelphia Depository Trust Company ("PHILADEP") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-PHILADEP-95-07) under section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ seeking permanent approval for the Fully Automated Securities Transfer **Reconciliation Accounting Control** System ("FASTRACS").² Notice of the proposal was published in the Federal Register on September 28, 1995.³ No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

I. Description

FASTRACS is an automated program by which PHILADEP and participating transfer agents use master balance certificates to evidence the number of securities of a particular issue that are registered in PHILADEP's nominee name.⁴ The transfer agents maintain custody of the securities in the form of balance certificates and adjust daily the balance certificates to reflect PHILADEP's withdrawal and deposit activity.

PHILADEP has provided the Commission with copies of the test results of FASTRACS activity during the temporary approval period of the three

³ Securities Exchange Act Release No. 36264 (September 21, 1995), 60 FR 50232.

⁴ For a complete description of FASTRACS, refer to Securities Exchange Act Release No. 34404, *supra* note 2.

designated transfer agents. PHILADEP states that FASTRACS has enhanced PHILADEP's operational efficiency, has substantially reduced its burdens in reconciling its positions, and has saved costs associated with these functions. PHILADEP represents that it has encountered no significant operational problems and believes the system operated effectively during the testing phase. Furthermore, PHILADEP believes the current filing is consistent with the **Commission's Direct Registration** System ("DRS") initiative insofar as DRS, among other things, will compel PHILADEP and other participating clearing agencies to establish fully operational automated programs for the transfer of certain securities between participating clearing agencies and their transfer agents.5

II. Discussion

Sections 17A(b)(3) (A) and (F)⁶ of the Act require that a clearing agency be organized and its rules be designed to facilitate and promote the prompt and accurate clearance and settlement of securities transactions and to assure the safeguarding of securities and funds in its custody or control or for which it is responsible. The Commission believes PHILADEP's proposal is consistent with sections 17A(b)(3)(A) and (F) of the Act because it should alleviate some of the inefficiencies associated with the physical transfer of securities and should reduce PHILADEP's burdens in reconciling its positions. The transfer of securities should be faster and more efficient with the likely effect of reducing costs related to the preparation of written instructions and physical delivery of the securities. FASTRACS also should help PHILADEP fulfill its safekeeping obligations by allowing PHILADEP to maintain securities in a form that should reduce the chances of loss and theft. Furthermore, the current filing is consistent with the **Commission's Direct Registration** System ("DRS") initiative.

III. Conclusion

On the basis of the foregoing, the Commission finds that PHILADEP's proposed rule change is consistent with the requirements of the Act and particularly with section 17A of the Act and the rules and regulations thereunder.

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 $^{^{12}}$ This figure is attained from multiplying the index value times the position limit times the 100 multiplier (215.46 \times 45,000 \times 100).

 $^{^{13}206.28 \}times 37,500 \times 100$. The Commission notes that it may be appropriate for position and exercise limits on certain price-weighted indexes to be somewhat lower than the limits for similarly constructed capitalization-weighted indexes.

¹⁴15 U.S.C. 78s (b)(2) (1988).

^{15 17} CFR § 200.30-3(a)(12) (1994).

¹15 U.S.C. 78(b)(1) (1988).

² On July 19, 1994, the Commission approved a proposed rule change establishing a pilot program for FASTRACS for the transfer of certain securities between PHILADEP and certain transfer agents Securities Exchange Act Release No. 34404 (July 19, 1994), 59 FR 38010 [File No. SR-PHILADEP-90-03] (order approving FASTRACS program on a temporary basis). On May 4, 1995, the Commission extended its approval of the pilot program through December 29, 1995. Securities Exchange Act Release No. 35676 (May 4, 1995), 60 FR 24951 [File No. SR-PHILADEP-94-06] (order granting temporary approval of a proposed rule change extending the pilot program for FASTRACS until December 29, 1995). The Commission extended the temporary approval of the FASTRACS program so that PHILADEP could complete adequate testing. The program was limited to three transfer agents for the duration of the temporary approval period.

⁵ For a complete description of DRS, refer to Securities Exchange Act Release No. 35038 (December 1, 1994), 59 FR 63652 [Filed No. S7–34– 94] (concept release soliciting comment on proposed transfer agent operated direct registration system).

⁶15 U.S.C. 78q-1(b)(3)(A) and (F) (1988).