thereunder applicable to a national securities exchange, and, in particular, the requirements of Section 6(b)(5) of the Act.[18] Additionally, the Commission notes that implementation of this proposed rule change is contingent upon the Commission's receipt of OPRA's representation that it has adequate systems capacity to process quotations and trades in the proposed 3D JY Options.[19]

The Commission finds good cause for approving Amendment No. 2 to the proposed rule change prior to the thirtieth day after the date of publication of the notice thereof in the Federal Register. In Amendment No. 2, the Phlx represented that the provisions for calculating and disseminating the settlement value for the 3D Japanese yen options will be exactly the same as used for the 3D German mark options. The Commission believes that because the provisions for calculating and disseminating the settlement value for the 3D Japanese yen options will be exactly the same as used for the 3D German mark options, and contain adequate back-up procedures in case of system failure or other problems, no new regulatory issues are raised. Accordingly, the Commission believes that it is consistent with Sections 6(b)(5) and 19(b)(2) of the Act to approve Amendment No. 2 to the Phlx proposal on an accelerated basis.

V. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning Phlx Amendment No. 2. 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 at the Commission's Public Reference Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the Phlx. All submissions should refer to SR–Phlx–95–42 and should be submitted by December 20, 1995.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[20] that the proposed rule change (File No. SR–phlx–95–42), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[21]

Margaret H. McFarland,

Deputy Secretary.

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[18] 15 U.S.C. 78f(b)(5).

[19] *See supra* note 13.

[20] 15 U.S.C. 78s(b)(2).

[21] 17 CFR 200.30–3(a)(12).

[Release No. 34–36501; File No. SR–PHLX–95–50]

Self-Regulatory Organizations; Order Approving Proposed Rule Change by the Philadelphia Stock Exchange, Inc., Relating to PHLX Rule 722, ''Margins''

November 21, 1995.

On July 3, 1995, the Philadelphia Stock Exchange, Inc. (''PHLX'' or ''Exchange'') submitted to the Securities and Exchange Commission (''SEC'' or ''Commission''), pursuant to Section 19(b) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] a proposal to amend PHLX Rule 722(c)(6), ''Time Within Which Margin or 'Mark-to-Market' Must Be Obtained,'' to reduce from seven business days after the trade date to five business days after the trade date the time in which a customer must either pay for a long foreign currency option (''FCO'') position or post initial margin for a short FCO position.

Notice of the proposed rule change appeared in the Federal Register on August 24, 1995.[3] No comments were received on the proposal.

Currently, PHLX Rule 722(c)(6) provides that margin for a short FCO position in a customer account or full cash payment for a long FCO position in a customer account must be obtained within seven business days following the date on which the customer enters into the FCO position. Recently, the Board of Governors of the Federal Reserve System (''Board'') amended Regulation T under the Act to reduce from seven business days after the trade date to five business days after the trade date the amount of time in which a customer must meet initial margin calls or make full cash payment for securities.[4] To be consistent with Regulation T, as amended, the PHLX proposes to amend Exchange Rule 722(c)(6) to reduce from seven business days to five business days the time in which a customer must either pay for a long FCO position or post initial margin for a short FCO position.

According to the PHLX, T + 3 has impacted securities trading in many ways, primarily in the systems and procedures utilized by broker-dealers, exchanges, and clearing agencies. In addition, the Exchange states that PHLX Rule 722 has been impacted by T + 3. Specifically, PHLX Rule 722(c)(6) currently provides that FCO margin and cash payment must be obtained as promptly as possible but before the expiration of seven full business days following the trade date. This time period was originally established by allowing two days after the standard securities settlement time (prior to the effective date of Commission Rule 15c6–1) of five business days (''T + 5''). Within T + 5 reduced to T + 3, the Exchange proposes to conform its FCO margin rules to the reduced five business day time period by which margin or cash payment must be obtained on securities, including FCO options, pursuant to Regulation T.[5]

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, the requirements of Section 6(b)(5)[6] in that it is designed to protect investors and the public interest and to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities. Specifically, the proposal will make PHLX Rule 722(c)(6) consistent with Regulation T, as amended, which is in effect for FCOs as well as for other securities options, and provides that a margin call must be satisfied within one payment period (*i.e.*, five business days) after the margin

[1] 15 U.S.C. 78s(b)(1) (1988 & Supp. V 1993).

[2] 17 CFR § 240.19b–4 (1994).

[3] *See* Securities Exchange Act Release No. 36114 (August 17, 1995), 60 FR 44098.

[4] Regulation T, as amended, provides that a margin call must be satisfied within one payment period after the margin deficiency was created or increased. Under Regulation T, a ''payment period'' is the number of business days in the standard securities settlement cycle in the United States, as defined in SEC Rule 15c6–1 under the Act, plus two business days. As of June 7, 1995, SEC Rule 15c6–1 establishes a standard three business day settlement cycle for most securities transactions in the United States (''T + 3''). Accordingly, after June 7, 1995, the payment period for satisfying a margin call under Regulation T is five business days.

[5] *See* note 4, *supra*. The Commission notes that PHLX Rule 722(c)(6) establishes a maximum time period for the payment of margin. According to the PHLX, most Exchange members require payment for long FCO positions or margin for short FCO positions by the date following the trade.

[6] 15 U.S.C. § 78f(b)(5) (1982).