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

The Exchange has neither solicited nor received written comments.

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 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 also will be available for inspection and copying at the principal office of the New York Stock Exchange. All submissions should refer to File No. SR-NYSE-95-36 and should be submitted by December 26, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-29387 Filed 12-1-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34–36515; File No. SR-Phlx-95-58]

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to Trader Registration and the Use of the Series 7A Examination

November 27, 1995.

On September 22, 1995, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") submitted to the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act") and Rule 19b-4 thereunder, a proposed rule change to require registration of persons who solicit or handle business in securities and are compensated by a member or participant organization for which the Phlx is the Designated Examining Authority ("DEA"). On October 6, 1995, the Exchange submitted to the Commission Amendment No. 1 to the proposed rule change amending paragraph (c)(ii) of Rule 604, which names the Series 7A as the appropriate examination for Limited Registration/ Floor Members, 1 to clarify that this is the appropriate examination for such members only, not all members who conduct a public business from the equity trading floor.2

The proposed rule change and Amendment No. 1 were published for comment in Securities Exchange Act Release No. 36395 (October 20, 1995), 60 FR 54904 (October 26, 1995). No comments were received on the proposal.

Currently, the Exchange requires Series 7 Registered Representatives to register with the Exchange on Form U– 4 pursuant to Rule 604(a) and Limited Registration/Floor Members to register pursuant to Rule 604(c). However, there is no requirement for proprietary "upstairs" traders (*i.e.*, those who trade for the firm's own account) to register with the Exchange. This proposal adopts such a requirement as Rule 604(d). Similar to Rules 604 (a) and (c), the proposal would require registration on Form U–4. This form is currently used in the Exchange's membership application process for prospective members or participants, as well as the officers, shareholders and directors of such organizations. In order to prevent duplicative registration, the proposal would not apply to persons who are otherwise registered with the Exchange.

The proposed rule change also seeks to amend paragraph (c)(ii) of Rule 604. Although the organization of Rule 604, as well as the intent behind its adoption, indicates that paragraph (c) and subparagraph (ii) thereunder apply only to Limited Registration/Floor Members,3 on its face the text of 604(c)(ii) can be construed to apply to all members conducting a public business. The amendment adds limiting language to Rule 604(c)(ii) to clarify that the Series 7A is the appropriate examination for Limited Registration/ Floor Members, not all members conducting a public business from the equity trading floor.

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, with the requirements of Section 6(b).⁴ In particular, the Commission believes the proposal is consistent with the Section 6(b)(5) requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, and, in general, to protect investors and the public.

The Commission believes that requiring a firm's proprietary traders to register with the Exchange will aid in the prevention of fraudulent and manipulative acts by allowing the Exchange to maintain a complete record of those trading for a member or participant organization, not just persons handling customer accounts. The Form U–4 will provide background information on such traders, as well as a basis for further Exchange research if needed, thereby enhancing the Exchange's examination program.

The Commission also believes that the amendment to Rule 604(c)(ii) will enhance member compliance with this rule. By specifically naming floor members as the parties for whom the

¹ 17 C.F.R. 200.30-3(a)(12).

¹A Limited Registration/Floor Member is a member who conducts a public business that is limited to accepting orders from professional customers for execution on the trading floor. The Series 7A examination is a module of the Series 7 (the General Securities Registered Representative Examination) developed to test the knowledge of relevant securities laws and Exchange rules required of such members. *See* Securities Exchange Act Release No. 32698 (July 29, 1993), 58 FR 41539 (August 4, 1993) (File No. SR–NYSE–93–10).

² See letter from Gerald O'Connell, First Vice President Market Regulation and Trading Operations, Phlx, to Glen Barrentine, Senior Counsel, SEC, dated October 3, 1995. In Amendment No. 1 the Exchange explained the purpose of its proposed amendment to Rule 604(c)(ii).

³ See Securities Exchange Act Release No. 35258 (January 20, 1995), 60 FR 5449 (January 27, 1995) (File No. SR-Phlx-94–15) (order approving the Phlx's adoption of the Limited Registration/Floor Member status and its use of the Series 7A for such members).

^{4 15} U.S.C. 78f(b).