

for narrow-based index options to 6,000, 9,000, or 12,000 contracts, depending on the percentage stock concentrations within the index, are consistent with the requirements of the Act and the rules and regulations thereunder.

The Commission finds good cause for approving the proposed rule changes prior to the thirtieth day after the date of publication of notice of filing thereof in the Federal Register. As noted above, the Commission has previously approved identical proposals submitted by the PHLX and the CBOE.<sup>12</sup> The PHLX's proposals was published for the full notice and comment period and the Commission received no comments on the PHLX's proposal. The Exchanges' proposals raise no new regulatory issues. Accordingly, the Commission believes it is consistent with Sections 6(b)(5) and 19(b)(2) of the Act to approve the proposed rule changes on an accelerated basis. In addition, the Commission believes it is consistent with Sections 6(b)(5) and 19(b)(2) of the Act to approve Amendment No. 1 to the PSE's proposal on an accelerated basis so that both proposals may become effective simultaneously.

#### 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, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule changes that are filed with the Commission, and all written communications relating to the proposed rule changes 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, N.W., Washington, D.C. Copies of such filings will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organizations. All submissions should refer to the file numbers in the caption above and should be submitted by December 28, 1995.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>13</sup> that the

proposed rule changes (SR-Amex-95-45 and SR-PSE-95-30) are approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>14</sup>

Margaret H. McFarland,

*Deputy Secretary.*

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[Release No. 34-36531; File No. SR-CHX-95-26]

#### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Stock Exchange, Inc. Relating to Listing Standards

November 30, 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 November 8, 1995, the Chicago Stock Exchange, Inc. ("CHX" 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 Exchange proposes to amend Article XXVIII of the Exchange's Rules to modify the Exchange's listing standards and create two tiers of listings.

##### II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

#### A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The North American Securities Administration Association ("NASAA")<sup>1</sup> has endorsed certain listing standards as sufficient to warrant a state's granting exchange-listed securities a listing exemption from registration. The CHX proposes to modify its own listing standards to comply with those endorsed by NASAA and adopted by other stock exchanges.<sup>2</sup>

The CHX proposes changes to its Rules regarding the quantitative requirements for issuers and issues, qualitative requirements for issuers (e.g., corporate governance standards), and maintenance criteria for issues. In no case do the proposed changes decrease current CHX standards.

NASAA has entered into a Memorandum of Understanding ("MOU") with the Philadelphia Stock Exchange ("Phlx")<sup>3</sup> and the Pacific Stock Exchange ("PSE").<sup>4</sup> Those memoranda set out standards that NASAA recognizes as sufficient to warrant listing exemptions from state blue sky requirements. The proposed rules establish listing standards that are essentially identical to the standards set out in those two NASAA MOUs. Although the CHX is in the process of reaching a similar MOU with NASAA, the CHX's new listing standards are specifically designed to satisfy the listing standards endorsed by NASAA.

Other exchanges have established two tiers of listing requirements. In general, Tier I listing standards are quantitatively and qualitatively higher (i.e., more restrictive and demanding) than Tier II listing standards.

The CHX does not currently have a two-tier structure for listings but proposes to create a two-tiered structure. Both Tier I and Tier II listed issues will be traded pursuant to identical auction rules, but otherwise the two tiers will differ in several ways.

<sup>1</sup> NASAA is an association of securities administrators from each of the 50 states, the District of Columbia, Puerto Rico and ten Canadian provinces.

<sup>2</sup> See, e.g., Securities Exchange Act Release No. 34235 (June 17, 1994), 59 FR 32736 (June 24, 1994) (approving a Philadelphia Stock Exchange rule change adopting NASAA endorsed standards); Securities Exchange Act Release No. 34429 (July 22, 1994), 59 FR 38998 (Aug. 1, 1994) (approving a Pacific Stock Exchange rule change adopting NASAA endorsed standards).

<sup>3</sup> The Memorandum of Understanding was approved by NASAA and Phlx on October 12, 1994.

<sup>4</sup> The Memorandum of Understanding was approved by NASAA and the PSE on October 12, 1994.

<sup>12</sup> See PHLX and CBOE Approval Orders, *supra* note 5.

<sup>13</sup> 15 U.S.C. 78f(b)(2) (1988).

<sup>14</sup> 17 CFR 200.30-3(a)(12) (1994).