

eligibility depending upon whether a new issue is distributed by an underwriting syndicate before or after the date a securities depository system is available for monitoring repurchases of the distributed shares by syndicate members (*i.e.*, a "flipping tracking system").

Currently, a flipping tracking system is being developed that will include a securities depository service that (i) can be activated upon the request of the managing underwriter for a period of time that the managing underwriter specifies, (ii) in certain circumstances will require the delivering participant to provide to the depository information sufficient to identify the seller of such shares as a precondition to the processing of book-entry delivery instructions for distributed shares, and (iii) will report to the managing underwriter the identity of any other syndicate member or selling group member whose customer(s) sold distributed shares (but will not report to the managing underwriter the identity of such customer[s]) and in certain circumstances will report to such syndicate member or selling group member the identity of such customer(s). Prior to the availability of a flipping tracking system, the managing underwriter may delay the date a security is deemed "depository eligible" for up to three months after trading has commenced in the security. After the availability of a flipping tracking system, a new issue must be depository eligible before commencement of trading on CBOE.

The proposed rule change is consistent with Section 6(b)(5) of the Act in that by reducing the number of transactions in depository eligible securities for which settlement is effected by the delivery of physical securities, by requiring that transactions between member firms and transactions between member firms and clients that settle on a DVP or RVP basis generally occur in a book-entry environment, and by requiring securities listed in CBOE be depository eligible, the efficiency of the U.S. clearance and settlement system will be enhanced and the potential for systemic risk will be reduced. Furthermore, the proposal is designed to foster cooperation and coordination with persons engaged in regulatory, clearing, settling, and facilitating transactions in securities and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

(B) Self-Regulatory Organization's Statement on Burden on Competition

The CBOE does not believe that the proposed rule change will impose any burden on competition.

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

Written comments on the proposed rule change were neither solicited nor received.

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

Within thirty-five 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 ninety 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 CBOE 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 Section, 450 Fifth Street, NW., Washington, DC. Copies of such filing will also be available for inspection and copying at the principal office of CBOE. All submissions should refer to File No. SR-CBOE-95-62 and should be submitted by January 8, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁰

¹⁰ 17 CFR 200.30-3(a)(12) (1994).

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 95-30661 Filed 12-15-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-36573; File No. 600-27]

**Self-Regulatory Organizations;
Clearing Corporation for Options and
Securities; Order Approving
Application for Exemption From
Registration as a Clearing Agency**

December 12, 1995.

On December 14, 1992, the Clearing Corporation for Options and Securities ("CCOS")¹ filed with the Securities and Exchange Commission ("Commission") an application for exemption from registration as a clearing agency pursuant to Section 17A of the Securities Exchange Act of 1934 ("Act")² and rule 17Ab2-1 thereunder.³ Notice of CCOS's application was published in the Federal Register on June 23, 1993.⁴ Fourteen comment letters were received in response to the notice of filing of the CCOS application.⁵ On October 7, 1993, CCOS filed an amendment to its application⁶ setting forth its intention to register Chicago Board Brokerage, Inc. ("CBB") as a U.S. government securities broker pursuant to Section 15C of the Act⁷ and to proceed with CBB's membership with the National Association of Securities Dealers ("NASD") as required by that section.⁸ Notice of the amendment was published in the Federal Register on April 22, 1994, to solicit comments.⁹ One hundred eleven comment letters were received in response to the notice of filing of the amendment.¹⁰ This Order grants CCOS's application for

¹ CCOS is a wholly-owned subsidiary of the Board of Trade Clearing Corporation ("BOTCC") which provides clearing services for futures and commodities transactions executed on the Board of Trade of the City of Chicago ("CBOT").

² 15 U.S.C. § 78q-1 (1988).

³ 17 CFR 240.17Ab2-1 (1994).

⁴ Securities Exchange Act Release No. 32481 (June 16, 1993), 58 FR 34105 [File No. 600-27] (notice of filing of application for exemption from registration as a clearing agency) ("CCOS Release").

⁵ A complete list of comment letters for File No. 600-27 is available for review in the Commission's Public Reference Room.

⁶ Letter from Dennis Dutterer, Executive Vice President and General Counsel, BOTCC, to Jonathan Katz, Secretary, Commission (October 6, 1993). Letter from Fred Grede, Vice President, Board of Trade of the City of Chicago ("CBOT"), to Brandon Becker, Director, Division of Market Regulation ("Division"), Commission (October 6, 1993).

⁷ 15 U.S.C. § 78o-5 (1988).

⁸ 15 U.S.C. § 78o-5(e)(1) (1988).

⁹ Securities Exchange Act Release No. 33911 (April 15, 1994) 59 FR 19263 [File No. 600-27] (notice of filing of amendment to application for exemption from registration as a clearing agency).

¹⁰ *Supra* note 5.