

U.S. dollar to foreign currencies.<sup>1</sup> The Amex currently trades foreign currency warrants based upon the value of the U.S. dollar in relation to a single foreign currency (e.g., Japanese yen and German mark) as well as warrants based on the value of the U.S. dollar in relation to multiple foreign currencies.<sup>2</sup>

The Exchange represents that Mexican Peso Warrants will conform to the listing guidelines under section 106 of the Guide, which provide, among other things, that: (1) the issuer must have assets in excess of U.S. \$100,000,000 and otherwise substantially exceed the size and earnings requirements in section 101(A) of the Guide; (2) the term of the warrants will be for a period ranging from one to five years from the date of issuance; and (3) the minimum public distribution will be one million warrants, together with a minimum of 400 public holders, and an aggregate market value of at least U.S. \$4,000,000 million.

Mexican Peso Warrants generally will be direct obligations of their issuers and will be cash-settled in U.S. dollars. Mexican Peso Warrants will either be exercisable throughout their life (i.e., American-style) or exercisable only during a specified period immediately prior to the expiration date (i.e., European-style). Upon exercise, the holder of a warrant structured as a "put" will receive payment in U.S. dollars to the extent that the value of the Mexican peso has declined in relation to the U.S. dollar below a pre-stated base level. Conversely, upon exercise, holders of a Mexican Peso Warrant structured as a "call" will receive payment in U.S. dollars to the extent that the value of the Mexican peso has increased in relation to the U.S. dollar above a pre-stated base level. Mexican Peso Warrants that are "out-of-the-money" at the time of expiration will expire worthless.

Notwithstanding any other Amex rule,<sup>3</sup> the Exchange will require that Mexican Peso Warrants be sold only to

customers whose accounts have been approved for options trading pursuant to Amex Rule 921. Additionally, the options suitably standards in Amex Rule 923 will apply to recommendations in Mexican Peso Warrants. Moreover, all discretionary orders in Mexican Peso Warrants must be approved and initiated by a Senior Registered Options Principal or Registered Options Principal. Further, the Exchange will require that customer positions in Mexican Peso Warrants be subject to the margin requirements applicable to foreign currency options.

Finally, prior to the commencement of trading of Mexican Peso Warrants, the Amex will distribute a circular to its membership calling attention to specific risks associated with Mexican Peso Warrants.<sup>4</sup>

The Exchange believes that the proposed rule change is consistent with section 6(b) of the Act, in general, and furthers the objectives of section 6(b)(5) in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

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

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

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

No written comments were solicited or received with respect to the proposed rule change.

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

Within 35 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 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 such proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

<sup>4</sup>The Commission notes that the Amex will be required to submit a draft of the circular to the Commission staff for approval prior to distribution to members.

**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 the Amex. All submissions should refer to File No. SR-Amex-95-04 and should be submitted by March 10, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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[Release No. 34-35361 International Series Release No. 784; File No. SR-NASD-94-51]

**Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Order Approving Proposed Rule Change Relating to Amendments to Parts VI and X of Schedule C of the NASD By-Laws Relating to Foreign Finders and Foreign Associates**

February 13, 1995.

On September 27, 1994, the National Association of Securities Dealers, Inc. ("NASD" or "Association") filed with the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder.<sup>2</sup> The rule change amends Parts VI and X of Schedule C of

<sup>5</sup> 17 CFR 200.30-3(a)(12) (1994).

<sup>1</sup> 15 U.S.C. Section 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>1</sup> The Commission notes that the Exchange has filed a proposed rule change that would, among other things, revise the criteria pursuant to section 106 for listing stock index and currency warrants. These new standards will apply to Mexican Peso Warrants issued following approval of that proposed rule change. See Securities Exchange Act Release No. 35086 (December 12, 1994), 59 FR 65561 (December 20, 1994) (notice of File No. SR-Amex-94-38).

<sup>2</sup> See Securities Exchange Act Release Nos. 24555 (June 5, 1987), 52 FR 22570 (June 12, 1987) (approval of listing requirements for single foreign currency warrants), and 31627 (December 21, 1992), 57 FR 62399 (December 30, 1992) (approval of listing requirements for multiple foreign currency warrants).

<sup>3</sup> See, e.g., Amex Rule 411, Commentary .01.