

of conventional equity options by investors seeking to satisfy their legitimate hedging needs, without compromising the integrity of the underlying securities markets. In addition, to the extent that investors have greater assurance that they can hedge larger stock positions through the use of conventional options, liquidity in the underlying cash market may be enhanced by the proposal.

B. Self-Regulatory Organization's Statement on Burden on Competition

The NASD believes that the proposed rule change will not result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act

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

Comments were neither solicited nor received.

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 NASD 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, N.W., Washington, D.C. 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 Room. Copies of such filing will also be available for inspection and copying at

the principal office of the NASD. All submissions should refer to File Number SR-NASD-94-54 and should be submitted by January 30, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁸

Margaret H. McFarland,
Deputy Secretary.

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[Release No. 34-35185; File No. SR-OCC-94-12]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change Amending By-Laws Relating to the Holiday Expiration Date for Cash-Settled Foreign Currency Options

December 30, 1994.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on December 12, 1994, The Options Clearing Corporation ("OCC") 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 primarily by OCC. The Commission is publishing this notice and order to solicit comments on the proposed rule change from interested persons and to grant accelerated approval of the proposed rule change.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change will amend OCC's by-laws to change the holiday expiration date for cash-settled foreign currency options.

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

In its filing with the Commission, OCC 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. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.

⁸ 17 CFR 200.30-3(a)(12)(1993).

¹ 15 U.S.C. 78s(b)(1) (1988).

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

OCC proposes to amend its by-laws to change the holiday expiration date for cash-settled foreign currency options. On December 13, 1994, the Commission approved a Philadelphia Stock Exchange ("PHLX") rule change proposing to change the holiday expiration date for cash-settled foreign currency options.² Currently, cash-settled foreign currency options expire on Mondays. However, if Monday is a PHLX holiday or a designated bank holiday, the expiration date reverts to the preceding business day, which is usually Friday, but on some occasions may be Thursday.

Under PHLX's rule change, if the regular Monday expiration occurs on a PHLX holiday or a designated bank holiday, the cash-settled foreign currency options expire on the following business day rather than the preceding business day. Accordingly, when the regular Monday expiration occurs on a holiday, the expiration will usually occur on Tuesday, but on some occasions will occur on Wednesday.³ The proposed change will allow cash-settled foreign currency option users to capture weekend risk.

To accommodate the change proposed by PHLX, OCC is proposing to modify the definition of "Expiration Date" contained in OCC by-laws, Article XXII, Section 1E. Under OCC's proposed change, if the regular Monday expiration occurs on an exchange designated bank holiday or a day that is not a business day, expiration will occur on the following business day rather than the preceding business day.

B. Self-Regulatory Organization's Statement on Burden on Competition

OCC 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 were not and are not intended to be solicited with respect

² Securities Exchange Act Release No. 35097, (December 13, 1994) [File No. SR-PHLX-94-54] (order granting accelerated approval of proposed rule change filed by the Philadelphia Stock Exchange, Inc., relating to the holiday expiration date for cash/spot foreign currency options).

³ For example, Monday, December 26, 1994 is a PHLX holiday (Christmas); therefore, under the proposed change, expiration will occur on Tuesday. However, Tuesday, December 27, 1994, is a designated bank holiday (Boxing Day), so expiration will occur on Wednesday, December 28, 1994.