

operating companies within the system will at all times have first priority in the use of system employees, including employees of NEPSCO. During the course of a calendar year, the system will not assign more than the full-time equivalent of five percent of its employees to service projects for NEERI.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,

*Deputy Secretary.*

[FR Doc. 96-15773 Filed 6-19-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37311; File No. SR-CTA-96-02]

**Consolidated Tape Association; Notice of Filing and Immediate Effectiveness of the First Charges Amendment to the Second Restatement of the Consolidated Tape Association Plan**

June 14, 1996.

Pursuant to Rule 11Aa3-2 of the Securities Exchange Act of 1934 ("Act"), notice is hereby given that on May 30, 1996, the Consolidated Tape Association ("CTA") Plan Participants filed<sup>1</sup> with the Securities and Exchange Commission ("Commission" or "SEC") amendments to the second Restatement of the CTA Plan increasing CTA charges to ticker subscribers. The new rates are effective as of July 1, 1996.

CTA has designated the proposals as changing a charge collected on behalf of all participants, permitting them to become effective upon filing, pursuant to the terms of Rule 11Aa3-2(c)(3)(i) under the Act. The Commission is publishing this notice to solicit comments from interested persons on the amendments.

**I. Description and Purpose of the Amendments**

The purpose of the amendment is to recover the ticker network expense increases that common carriers have recently imposed on the CTA Plan Participants. The present fees of \$160.00 per connection for Network A and \$130.00 for Network B have been in effect since January, 1995. Since January, 1995, each of the Networks has absorbed a number of increases in common carrier costs. The CTA has

determined to pass the increased costs along to customers. Effective July 1, 1996, Network A charges will increase to \$200.00 for those subscribers in the continental USA that are serviced via the AT&T leased lines. Rates for subscribers located south of Chambers Street in New York City, where facilities are leased from NYNEX, and for customers presently receiving the signal via satellite, remain unchanged. Network B charges will increase to \$200.00 per unit, effective July 1, 1996, for all customers presently receiving service in the continental USA, including subscribers in downtown New York City and those currently receiving the ticker signal via satellite.

**II. Solicitation of Comments**

Rule 11Aa3-2(c)(3) under the Act provides that the proposed amendment may be put into effect upon filing with the Commission. The Commission may summarily abrogate the amendment within 60 days of its filing and require refiling and approval of the amendments by Commission order pursuant to Rule 11Aa3-2(c)(2), if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors and maintenance of fair and orderly markets, to remove impediments to and perfect the mechanisms of a National Market System, or otherwise in furtherance of the purposes of the Act.

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 CTA. All submissions should refer to the file number in the caption above and should be submitted by July 11, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>2</sup>

Jonathan G. Katz,

*Secretary.*

[FR Doc. 96-15772 Filed 6-19-96; 8:45 am]

BILLING CODE 8010-01-M

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-37312; File No. SR-Amex-96-20]

**Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the American Stock Exchange, Inc., Relating to Options on The Morgan Stanley Commodity Related Equity Index**

June 14, 1996.

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> notice is hereby given that on June 3, 1996, the American Stock Exchange, Inc. ("Amex" 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 list and trade options on the Morgan Stanley Commodity Related Equity Index ("Index"), a new stock index developed by Morgan Stanley & Co. Incorporated ("Morgan Stanley") based on stocks (or American Depositary Receipts ("ADRs") thereon) of commodity related companies. In addition, the Amex proposes to amend Exchange Rule 901C, Commentary .01 to reflect that 90 percent of the Index's numerical index value will be accounted for by component securities that meet the current criteria and guidelines set forth in Exchange Rule 915.

**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

<sup>1</sup> The proposed amendment was originally filed with the Commission on May 9, 1996. On May 30, 1996, the Commission received minor technical amendments from the CTA to conform the references in the filing to Exchange Act Release No. 37191 (May 9, 1996), 61 FR 24842 (May 16, 1996), approving Restatements and Amendments to the Restated Consolidated Tape Association Plan and the Consolidated Quotation Plan.

<sup>2</sup> 17 CFR 200.30-3(a)(27) (1989).

<sup>1</sup> 15 U.S.C. 78s(b)(1) (1988).

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

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

Morgan Stanley has developed a new Index, based on the shares of widely held companies involved in commodity related industries such as energy (e.g., oil and gas production and oilfield services and equipment), non-ferrous metals, precious metals, agriculture, and forest products.<sup>3</sup> Each of the component securities is traded on the Amex, the New York Stock Exchange, Inc. ("NYSE"), or through the facilities of the National Association of Securities Dealers ("NASD") Automated Quotation system ("Nasdaq") and are reported national market system securities ("Nasdaq/NMS"). The Amex intends to trade standardized option contracts on the newly developed Index. The Amex is filing this proposal pursuant to Exchange Rule 901C, Commentary .02, which provides for the commencement of trading of options on the Index thirty days after the date of this filing. The proposal meets all the criteria set forth in Commentary .02 as well as the Commission's order approving generic listing standards for options on narrow-based indexes, as outlined below.<sup>4</sup>

Eligibility Standards for Index Components

Pursuant to Commentary .02 to Exchange Rule 901C: (1) all of the component securities are listed on the NYSE; (2) each component security has a minimum market capitalization of at least \$75 million;<sup>5</sup> (3) each component

security has had a monthly trading volume of at least one million shares during the previous six months; (4) all of the component securities currently meet the eligibility criteria for standardized options trading set forth in Exchange Rule 915;<sup>6</sup> (5) foreign country securities or ADRs thereon that are not subject to comprehensive surveillance sharing agreements do not in the aggregate represents more than 20 percent of the weight of the Index; and (6) the Index is equal-dollar weighted, with no component security representing more than 25 percent of the weight of the Index, and the five highest weighted component securities not constituting more than 60 percent of the weight of the Index.

Maintenance of the Index

The Amex will maintain the Index in accordance with Exchange Rule 901C, Commentary .02 so that: (1) the total number of component securities will not increase or decrease by more than 33 1/3 percent from the number of component securities in the Index at the time of its initial listing, and in no event will the Index have less the nine component securities; (2) the component securities constituting the top 90 percent of the Index by weight must have a minimum market capitalization of \$75 million, and the component securities constituting the bottom 10 percent of the Index by weight must have a minimum market capitalization of \$50 million; (3) the monthly trading volume of each component security must be at least 500,000 shares, or for each of the lowest weighted component securities that in the aggregate account for no more than 10 percent of the weight of the Index, the monthly trading volume must be at least 400,000 shares; (4) the Index must meet the criteria that no single component security represents more than 25 percent of the weight of the Index and that the five highest weighted component securities represent no more than 60 percent of the weight of the Index; and (5) 90 percent of the Index's numerical index value and at least 80 percent of the total number of component securities will meet the then current criteria for standardized option trading set forth in Exchange Rule 915.

The Exchange will not open for trading any additional option series should the Index fail to satisfy any of the maintenance criteria set forth above unless such failure is determined by the

Exchange not to be significant and the Commission concurs in that determination, or unless the continued listing of the Index option has been approved by the Commission pursuant to Section 19(b)(2) of the Act.

The Index will be calculated and maintained by the Amex. A component security may only be removed from the Index when: (1) the component security no longer meets the objective maintenance criteria set forth above; (2) as the result of a corporate event involving the issuer of a component security, the component security is delisted (e.g., the takeover or merger of the issuer of a component security); or (3) the component security no longer represents the commodity related industry it was intended to represent or another appropriate commodity related industry. In all three situations, the Amex will be responsible for removing the component security and choosing a replacement. In addition, to properly reflect the changing conditions in the commodity related industries, the Amex will evaluate the component securities to determine whether to add or to delete an industry subcategory, or to change the number of component securities in an industry subcategory. All stock replacements and the handling of non-routine corporate actions will be announced at least ten business days in advance of such effective change, whenever practicable. As with all options currently trading on the Amex, the Exchange will make this information available to the public through the dissemination of an information circular. It is expected that the Index will remain at the current number of component securities. If, however, the number of component securities increases or decreases by more than one-third, the Exchange will submit a rule filing to the Commission to obtain the necessary approval.

Morgan Stanley will have no role in maintaining the Index and generally will not be consulted by the Amex regarding potential changes to the Index. In rare circumstances, however, the Amex may require assistance and may wish to consult with employees of Morgan Stanley. Therefore, since Morgan Stanley may be consulted regarding the maintenance of the Index, a "chinese wall" has been erected around the personnel at Morgan Stanley who have access to information concerning changes and adjustments to the Index. Details of Morgan Stanley's chinese wall procedures, which are closely modeled on existing procedures for other Morgan Stanley indexes underlying standardized options, have

<sup>3</sup>The Index's component securities are as follows: Amerada Hess Corporation; Anadarko Petroleum Corporation; Apache Corporation; Atlantic Richfield Company; Baker-Hughes Inc.; Burlington Resources Inc.; Schlumberger Ltd.; Aluminum Company of America; Cyprus Amax Minerals Company; Phelps Dodge Corporation; Reynolds Metal Company; USX-US Steel Group; Homestake Mining; Newmont Mining Corporation; Placer Dome Inc.; Archer-Daniels-Midland Company; Conagra Inc.; IBP Inc.; Potash Corporation Sask Inc.; and Weyerhaeuser Company.

<sup>4</sup>See Securities Exchange Act Release No. 34157 (June 3, 1994), 59 FR 30062 (June 10, 1994) ("Generic Index Approval Order") (File No. SR-Amex-92-35). The Commission notes, however, that pursuant to the Generic Index Approval Order, the Exchange must provide to the Commission written representations that both the Amex and the Options Price Reporting Authority ("OPRA") have the necessary systems capacity to support the new series of options before the Amex may list and trade options on the Index.

<sup>5</sup>In the case of ADRs, this represents market value as measured by total world-wide shares outstanding.

<sup>6</sup>Telephone Conversation between Claire P. McGrath, Managing Director and Special Counsel, Amex, and Matthew S. Morris, Attorney, Division of Market Regulation, Commission, on June 12, 1996.

been submitted to the Commission under separate cover.

#### Index Calculation

The Index is calculated using an "equal-dollar weighting" methodology designed to ensure that each of the component securities is represented in an approximately "equal" dollar amount in the Index. The following is a description of how the equal-dollar weighting calculation method works. As of the market close on March 15, 1996, a portfolio of stocks was established representing an investment of \$1,000,000 in the stock (rounded to the nearest whole share) of each of the companies in the Index. The value of the Index equals the current market value (*i.e.*, based on U.S. primary market prices) of the sum of the assigned number of shares of each of the component securities in the Index portfolio divided by the Index divisor. The Index divisor was initially determined to yield a benchmark value of 200.00 at the close of trading on March 15, 1996. Quarterly thereafter, following the close of trading on the third Friday of March, June, September, and December, the Index portfolio will be adjusted by changing the number of whole shares of each component security so that each company is again represented in "equal" dollar amounts. If necessary, a divisor adjustment is made at the rebalancing to ensure continuity of the Index's value. The newly adjusted portfolio becomes the basis for the Index's value on the first trading day following the quarterly adjustment.

As noted above, the number of shares of each component security in the Index portfolio remains fixed between quarterly reviews except in the event of certain types of corporate actions such as the payment of a dividend other than an ordinary cash dividend, stock distribution, stock split, reverse stock split, rights offering, distribution, reorganization, recapitalization, or similar event. In a merger or consolidation of an issuer of a component security, if the stock remains in the Index, the number of shares of that security in the portfolio will be adjusted, if necessary, to the nearest whole share, to maintain the component security's relative weight in the Index at the level immediately prior to the corporate action. In the event of a stock replacement, the dollar value of the security being replaced will be calculated and that amount invested in the stock of the new component security, to the nearest whole share. In all cases, the divisor will be adjusted, if necessary, to ensure Index continuity.

Similar to other stock index values published by the Exchange, the value of the Index will be calculated continuously and disseminated every fifteen seconds over the Consolidated Tape Association's Network B.

#### Expiration and Settlement

The proposed options on the Index will be European-style (*i.e.*, exercises are permitted at expiration only), and cash-settled. Standard option trading hours (9:30 a.m. to 4:10 p.m., New York time) will apply. The options on the Index will expire on the Saturday following the third Friday of the expiration month ("Expiration Friday"). The last trading day in an expiring option series will normally be the second to last business day preceding the Saturday following the third Friday of the expiration month (normally a Thursday). Trading in expiring options will cease at the close of trading on the last trading day.

The Exchange plans to list option series will expirations in the three near-term calendar months and in the two additional calendar months in the March cycle. In addition, longer term options series having up to thirty-six months to expiration may be traded. In lieu of such long-term options on a full value Index level, the Exchange may instead list long-term, reduced value put and call options based on one-tenth ( $\frac{1}{10}$ th) the Index's full value. In either event, the interval between expiration months for either a full value or a reduced value long-term option will not be less than six months. The trading of any long-term option would be subject to the same rules which govern the trading of all the Exchange's index options, including sales practice rules, margin requirements, and floor trading procedures, and all options will have European-style exercise. Position limits on reduced value long-term Index options will be equivalent to the position limits for regular (full value) Index options and would be aggregated with such options.<sup>7</sup>

The exercise settlement value for all of the Index's expiring options will be calculated based upon the primary exchange regular way opening sale prices for the component securities. In the case of securities traded through the Nasdaq system, the first reported regular way sale price will be used. If any component security does not open for trading on its primary market on the last trading day before expiration, then the

<sup>7</sup> For example, if the position limit for the full value options is 12,000 contracts on the same-side of the market, then the position limit for the reduced value options will be 120,000 contracts on the same-side of the market.

prior day's last sale price will be used in the calculation.

#### Exchange Rules Applicable to Stock Index Options

Exchange Rules 900C through 980C will apply to the trading of option contracts based on the Index. These rules cover issues such as surveillance, exercise prices, and position limits. Surveillance procedures currently used to monitor trading in each of the Exchange's other index options will also be used to monitor trading in options on the Index. The Index is deemed to be a Stock Index Option under Exchange Rule 901C(a) and a Stock Index Industry Group under Exchange Rule 900C(b)(1). With respect to Exchange Rule 903C(b), the Exchange proposes to list near-the-money (*i.e.*, within ten points above or below the current index value) option series on the Index at  $2\frac{1}{2}$  point strike (exercise) price intervals when the value of the Index is below 200 points. In addition, the Exchange expects that the review required by Exchange Rule 904C(c) will result in a position limit of 12,000 contracts with respect to options on the Index.

#### 2. Statutory Basis

The Amex 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 change, to foster cooperation and coordination with persons engaged in 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 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

Because the foregoing rule change complies with the standards set forth in the Generic Index Approval Order, it has become effective pursuant to

Section 19(b)(3)(A) of the Act.<sup>8</sup> Pursuant to the Generic Index Approval Order, the Amex may not list options for trading on the Index prior to thirty days after June 3, 1996, the date the proposed rule change was filed with the Commission.<sup>9</sup> At any time within sixty days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

#### 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 at the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing also will be available for inspection and copying at the principal office of the Amex. All submissions should refer to File No. SR-Amex-96-20 and should be submitted by July 11, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

Jonathan G. Katz,

Secretary.

[FR Doc. 96-15771 Filed 6-19-96; 8:45 am]

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[Release No. 34-37308; File No. SR-BSE-96-05]

#### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Boston Stock Exchange, Inc. Relating to Its Specialist Performance Evaluation Program

June 12, 1996.

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 June 11, 1996, the Boston Stock Exchange, Inc. ("BSE" or "Exchange") filed with the Securities 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. On June 11, 1996 the Exchange submitted to the Commission Amendment No. 1 to the proposed rule change.<sup>1</sup> The Commission is publishing this notice to solicit comments on the proposed rule change and Amendment No. 1 thereto from interested persons.

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

The BSE seeks to amend its Specialist Performance Evaluation Program ("SPEP").<sup>2</sup>

<sup>1</sup> See Letter from Karen Aluisse, Assistant Vice President, BSE, to Sharon Lawson, Senior Special Counsel, SEC, dated June 11, 1996 ("Amendment No. 1"). Amendment No. 1 corrects typographical errors in the original filing as to the existing and proposed program weight assigned to the Turnaround Time measure. Amendment No. 1 also adds a proposal to raise the overall score at which a specialist will be deemed to have adequately performed from 5.80 to 6.70 in order to account for the proposed changes to the threshold levels and weights.

<sup>2</sup> The SEC initially approved the BSE's SPEP pilot program in Securities Exchange Act Release No. 22993 (March 10, 1986), 51 FR 8298 (March 14, 1986) (File No. SR-BSE-84-04). The SEC subsequently extended the pilot program in Securities Exchange Act Release Nos. 26162 (October 6, 1988), 53 FR 40301 (October 14, 1988) (File No. SR-BSE-87-06); 27656 (January 30, 1990), 55 FR 4296 (February 7, 1990) (File No. SR-BSE-90-01); 28919 (February 26, 1991), 56 FR 9990 (March 8, 1991) (File No. SR-BSE-91-01); and 30401 (February 24, 1992), 57 FR 7413 (March 2, 1992) (File No. SR-BSE-92-01). The BSE was permitted to incorporate objective measures of specialist performance into its pilot program in Securities Exchange Act Release No. 31890 (February 19, 1993), 58 FR 11647 (February 26, 1993) (File No. SR-BSE-92-04), at which point the initial pilot program ceased to exist as a separate program. The current pilot program was subsequently extended in Securities Exchange Act Release Nos. 33341 (December 15, 1993), 58 FR 67875 (December 22, 1993) (File No. SR-BSE-93-16); 35187 (December 30, 1994), 60 FR 2406 (January 9, 1995) (File No. SR-BSE-94-12); and 36668 (January 2, 1996), 61 FR 672 (January 9, 1996) (File No. SR-BSE-95-16) ("January 1996 Approval Order"). SEC approval of the current pilot program expires on December 31, 1996.

#### 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 purpose of the proposed rule change is to modify the current SPEP measures' threshold levels, weights, and review standards.<sup>3</sup> The Exchange has been continuously monitoring the performance of its specialists in relation to the current SPEP standards, and has determined the following:

- (1) The Trading Between the Quote threshold level, currently at 26.0, should be raised to 31.0;
- (2) Executions in Size Greater Than BBO threshold level, currently at 76.0, should be raised to 81.0;
- (3) The Turnaround Time program weight, currently at 15%, should be increased to 20%;
- (4) The Holding Orders Without Action program weight, currently at 15%, should be decreased to 5%;
- (5) The Trading Between the Quote program weight, currently at 25%, should be increased to 35%;
- (6) The Executions in Size Greater Than BBO program weight, currently at 25%, should be increased to 35%;
- (7) The Questionnaire program weight, currently at 20%, should be decreased to 5%;
- (8) The standard for Performance Improvement Action Committee review for

<sup>3</sup> The BSE's SPEP currently consists of five measures of performance, each accounting for a certain percentage of a specialist's overall evaluation score: Turnaround Time (15%); Holding Orders Without Action (15%); Trading Between the Quote (25%); Executions in Size Greater Than BBO (25%) and Questionnaire (20%). The Exchange has set thresholds at which a specialist will have been deemed to have adequately performed overall, and with regard to each measure, on the SPEP: Overall Evaluation Score—at or above weighted score of 5.80; Turnaround Time—below 21 seconds (8 points); Holding Orders Without Action—below 21% (7 points); Trading Between the Quote—at or above 26.0% (5 points); Executions in Size Greater Than BBO—at or above 76% (6 points); and Questionnaire—at or above weighted score of 50.0 (4 points). For a detailed description of each of the measures of performance and the review standards applicable to specialists performing below the set thresholds, see January 1996 Approval Order, *supra* note 2.

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A) (1988).

<sup>9</sup> As noted above, see *supra* note 4, pursuant to the Generic Index Approval Order, the Exchange must provide to the Commission written representations that both the Amex and the OPRA have the necessary systems capacity to support the new series of options before the Amex may list and trade options on the Index.

<sup>10</sup> 17 CFR 200.30-3(a)(12).