specialists to satisfy their clearing fund requirements through the minimum equity requirements should not impair BSECC's obligations to safeguard securities and funds in its custody or control. Moreover, the rule changes clarify that a portion of the minimum equity requirement will be deemed clearing fund for purposes of BSECC's rules and can be utilized by BSECC according to BSECC Rule II, Section 5 which governs the use and application of clearing fund deposits. This should help to protect BSECC from the risks associated with specialists' default and thereby should allow BSE to protect investors and the public interest.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule changes are consistent with the requirements of the Act and in particular Sections 6 and 17A of the Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule changes (File No. SR–BSECC–96–2 and SR–BSE–96–06) be and hereby are approved.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–26341 Filed 10–11–96; 8:45 am]

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[Release No. 34–37790; File No. SR–CBOE–96–59]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to the Listing and Trading of Options on the Morgan Stanley Multinational Index

October 4, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on October 1, 1996, the Chicago Board Options Exchange, Inc. (''CBOE'' 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 CBOE proposes to list and trade cash-settled, European-style stock index options on the Morgan Stanley Multinational Index (''Morgan Stanley Multinational'' or ''Index''), a broad-based, capitalization-weighted index comprised of 50 large domestic companies.

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 CBOE 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 CBOE 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 permit the Exchange to list and trade cash-settled, European-style stock index options on the Morgan Stanley Multinational. The Morgan Stanley Multinational is a broad-based, capitalization-weighted index composed of 50 high-capitalization domestic stocks.

Index Design. The Morgan Stanley Multinational has been designed to measure the performance of certain high capitalization stocks. The Morgan Stanley Multinational is a capitalization-weighted index with each stock affecting the Index in proportion to its market capitalization. Each stock in the Index is eligible for options trading.[2]

On July 17, 1996, the to stocks ranged in capitalization from $4.7 billion to $138.2 billion. The median capitalization of the firms in the Index was $29.33 billion while the average capitalization of the Index components was $37.1 billion. The largest stock accounted for 7.33% of the total weighting of the Index, while the smallest accounted for 0.25%. The five highest weighted stocks accounted for 28.8%. The average daily trading volume for Index components during the six-month period ending July 16, 1996 was 1.93 million shares.

Calculation. The methodology used to calculate the value of the Index is similar to the methodology used to calculate the value of other well-known broad-based indices. The level of the Index reflects the total market value of the component stocks relative to a particular base period. The Morgan Stanley Multinational Index base date is December 31, 1991, when the index value was set to 200. The Index had a closing value of 330.63 on July 17, 1996. The daily calculation of the Morgan Stanley Multinational Index is computed by dividing the total market value of the companies in the Index by the Index Divisor. The Divisor keeps the Index comparable over time and is adjusted periodically to maintain the Index. The values of the Index will be calculated by the CBOE and disseminated at 15-second intervals during regular CBOE trading hours to market information vendors via Options Price Reporting Authority (''OPRA'').

Maintenance. Index maintenance includes monitoring and completing the adjustments for company additions and deletions, share changes, stock splits, stock dividends (other than an ordinary cash dividend), stock price adjustments due to company restructuring or spinoffs. Some corporate actions, such as stock splits and stock dividends, require simple changes in the common shares outstanding and the stock prices of the companies in the Index. Other corporate actions, such as share issuances, change the market value of the Index and require an index divisor adjustment as well. The CBOE will refer all such non-routine matters and other material changes to the Index to Morgan Stanley. Over time the number of component securities in the Index may change. At no time will the number of securities drop to less than 30. In the event of a stock replacement, the divisor will be adjusted as may be necessary to provide continuity in values of the Index.

Index Option Trading. In addition to regular Index options, the Exchange may provide for the listing of long-term index option series (''LEAPS'') and reduced-value LEAPS on the Index. For reduced-value LEAPS, the underlying value would be computed at one-tenth of the Index level. The current and closing index value of any such reduced-value LEAP will, after such initial computation, be rounded to the nearest one-hundredth.

Strike prices will be set to bracket the index in 2½ point increments for strikes below 200 and 5 point increments above 200. The minimum tick size for series

[8] 17 CFR 200.30–3(a)(12) (1996).

[1] 15 U.S.C. § 78s(b)(1).

[2] A list of Index components is available at the Commission and at the CBOE.

trading below $3 will be 1⁄16th and for series trading above $3 the minimum tick will be 1⁄8th. The trading hours for options on the Index will be from 8:30 a.m. to 3:15 p.m. (Chicago time).

Exercise and Settlement. The proposed options on the Index will expire on the Saturday following the third Friday of the expiration month. Trading in the expiring contract month will normally cease at 3:15 p.m. (Chicago time) on the business day preceding the last day of trading in the component securities of the Index (ordinarily the Thursday before expiration Saturday, unless there is an intervening holiday). The exercise settlement value of the Index at option expiration will be calculated by the Exchange based on the opening prices of the component securities on the business day prior to expiration. If a stock fails to open for trading, the last available price on the stock will be used in the calculation of the index, as is done for currently listed indexes. When the last trading day is moved because of Exchange holidays (such as when the CBOE is closed on the Friday before expiration), the last trading day for expiring options will be Wednesday and the exercise settlement value of Index options at expiration will be determined at the opening of regular Thursday trading.

Surveillance. The Exchange will use the same surveillance procedures currently utilized for each of the Exchange's other index options to monitor trading in Index options and Index LEAPS on the Morgan Stanley Multinational. For surveillance purposes, the Exchange will have complete access to information regarding trading activity in the underlying securities.

Position Limits. The Exchange proposes to establish position limits for options on the Morgan Stanley Multinational at 50,000 contracts on either side of the market, and no more than 30,000 of such contracts may be in the series in the nearest expiration month. These limits are roughly equivalent, in dollar terms, to the limits applicable to options on other indices.

Exchange Rules Applicable. As modified herein, the Rules in Chapter XXIV will be applicable to Morgan Stanley Multinational options. Broad-based margin rules will apply to the Index.

Disclaimer Language. The CBOE is proposing to amend Rule 24.14 in order to include specified reference to Morgan Stanley as entitled to the benefit of the disclaimer of liability in respect of the Index.

The CBOE believes that it has the necessary systems capacity to support new series that would result from the introduction of Morgan Stanley Multinational options. The CBOE has also been informed that OPRA recently added an additional outgoing high speed line from the OPRA processor and thus also has the capacity to support the new series.

2. Statutory Basis

The CBOE believes 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 will permit trading in options based on the Morgan Stanley Multinational pursuant to rules designed to prevent fraudulent and manipulative acts and practices, and to promote just and equitable principles of trade, and thereby will provide investors with the ability to invest in options based on an additional index.

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

The Exchange believes the proposed rule change will impose no burden on competition.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

Within 35 days of the 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 the 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 at the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the CBOE. All submissions should refer to File No. SR–CBOE–96–59 and should be submitted by November 5, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[3]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–26340 Filed 10–11–96; 8:45 am]

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SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster Loan Area #2894; Amendment #1]

North Carolina; Declaration of Disaster Loan Area

In accordance with notices from the Federal Emergency Management Agency dated September 16 and 17, 1996, the above-numbered Declaration is hereby amended to include Buncombe, Caswell, Hertford, Hyde, Martin, Pitt, Randolph, and Scotland Counties in the State of North Carolina as a disaster area due to damages caused by Hurricane Fran beginning on September 5, 1996 and continuing.

In addition, applications for economic injury loans from small businesses located in the contiguous counties of Chowan, Dare, Gates, Madison, Tyrrell, and Yancey in the State of North Carolina may be filed until the specified date at the previously designated location.

All other information remains the same, i.e., the termination date for filing applications for physical damage is November 4, 1996, and for loans for economic injury the deadline is June 6, 1997.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008.)

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[3] 17 CFR 200.30–3(a)(12).