

additional series of index options will help to ensure the consistent availability of index options series tailored to meet the needs of investors during periods of market volatility. In addition, the Commission notes the CBOE's proposal is similar to Rule 24.9, Interpretation and Policy .05 which applies a percentage test, subject to a maximum of 15%, for adding away from the market series.⁷ Further, the rule allows CBOE to use a maximum of 30% for adding series when there is "demonstrated consumer interest" in additional strike prices.⁸ Finally, American Stock Exchange ("Amex") Rule 930C(b) allows the Amex to list additional series of the same class of index options as the numerical index value of the underlying stock index moves substantially from the initial exercise price or prices.

The Commission believes that the CBOE's proposal strikes a reasonable balance between accommodating the needs of market participants and avoiding the excessive proliferation of options series. In this regard, the proposal provides that the options price of each series of options opened for trading shall be reasonably related to the current value of the underlying index, as discussed below. The proposed rule change also allows the Exchange to open additional series of index options for trading only after a substantial movement in the value of the underlying index.⁹

The Commission believes that the change in the level of the S&P 100 Index since the series listing rules were put into place has affected the availability of series of options on the index. More specifically, CBOE states that when the methodology for adding series of options was adopted in 1992, the S&P 100 Index was at 380. At that time, the options available under normal market conditions, five intervals (25 points), constituted over 6½% of the value of the index. Further, the options available under the standard for unusual market conditions, six intervals (30 points), constituted almost 8% of the index value at the time the standards were implemented.

The S&P 100 Index has recently exceeded 670. Under the current standard, five strike price intervals constitute less than 3¾% of the index, and six intervals constitute less than 4½% of the value of the index. The proposed rule will permit the addition of options series at 8% away from the market and, under unusual market conditions, as much as 10% away from the market. Using current index levels, there could be as many as ten series of OEX options above and below the market under normal circumstances, and up to 13 series in unusual market conditions. The Commission believes that these requirements provide the Exchange with the flexibility to open additional index options series and, at the same time, appropriately limit the number of index options series that may be outstanding at any one time. In addition, the Commission notes that although the proposal permits the CBOE to open additional index option series, the CBOE retains the discretion to list fewer series than those allowed under the proposal.¹⁰

The CBOE has represented that due to the fact that this proposed rule change applies only to OEX options, the number of additional series will not be significant. The Options Price Reporting Authority has represented that CBOE's current system capacity is sufficient to meet the expected demands of the additional strike prices.¹¹ Nevertheless, the Commission requests that the CBOE monitor the volume of additional series listed as a result of this rule change and the effect of these additional series on the capacity of CBOE's, and OPRA's and vendors' automated systems. The Commission encourages the CBOE to exercise its available discretion when appropriate to delist inactive series that have no open interest.

The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice thereof in the Federal Register. Specifically, as stated above, the Commission previously approved a CBOE rule similar to the proposed rule,¹² and believes that the proposed rule change raises no new regulatory issues. Further, the Commission believes that the proposed rule will help the CBOE to accommodate the needs of investors by helping to ensure the availability of a

proper range of option strikes. Accordingly, the Commission believes, consistent with Section 6(b)(5) of the Act, that good cause exists to approve the proposed rule change on an accelerated basis.

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 Room. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-CBOE-96-61 and should be submitted by November 12, 1996.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹³ that the proposed rule change (SR-CBOE-96-61) is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁴

Margaret McFarland,
Deputy Secretary.

[FR Doc. 96-26857 Filed 10-18-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37818; File No. SR-NSCC-96-15]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of a Proposed Rule Change to Process Corporate Reorganizations Involving Elections Through NSCC's Continuous Net Settlement System

October 11, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ notice is hereby given that on August 7, 1996, the National Securities Clearing Corporation ("NSCC") filed

⁷ The 15% maximum applies to all index options (excluding OEX), but not to long term options. CBOE Rule 24.9, Interpretation and Policy .05. See Securities Exchange Act Release No. 31683 (December 31, 1992), 58 FR 3307 (order approving SR-CBOE-92-36).

⁸ CBOE Rule 24.9, Interpretation and Policy .05. Again, this standard applies to all index options (except OEX), but not to long term options.

⁹ The Commission notes, however, that the Exchange is not obligated to open new series every time the index value changes. Opening of new series must be done in a manner that is consistent with the maintenance of a fair and orderly market.

¹⁰ See supra note 9.

¹¹ See Letter from Joe Corrigan, OPRA, to Mike Walinskas, Senior Special Counsel, Office of Market Supervision, Division of Market Regulation, SEC, dated October 11, 1996.

¹² Securities Exchange Act Release No. 31683 (December 31, 1992), 58 FR 3307 (approving CBOE-92-36).

¹³ 15 U.S.C. § 78s(b)(2).

¹⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. § 78s(b)(1) (1988)

with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-NSCC-96-15) as described in Items I, II, and III below, which items have been prepared primarily by NSCC. On August 9, 1996, and October 1, 1995, NSCC amended the proposed rule change.² 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.

NSCC has filed a proposed rule change that will enable members with long positions in securities subject to a tender offer with an election as to consideration to receive protection for receipt of the tender offer consideration.

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

In its filing with the Commission, NSCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments that it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. NSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.³

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

NSCC currently provides a service for participants with long positions in some securities subject to a tender offer. Pursuant to this service, NSCC guarantees to such participants the delivery of funds or securities pursuant to the terms of the tender offer. NSCC proposes to extend this protection to tender offers for which there are elections as to the form of consideration to be received.

Generally, a person who wishes to participate in a tender offer must notify the tenderer of its decision prior to the expiration of the tender offer. All shares to be exchanged in the tender offer must be delivered to the tenderer's agent prior to the end of the protect period,

typically three days after the end of the expiration of the offer.⁴ However, participants with long positions at NSCC ("long participants") are dependent upon the delivery of the securities by participants with short positions at NSCC ("short participants") prior to the end of the protect period. If short participants do not deliver in time, the long participants will not be able to participate in the offer. If a long participant has elected to have NSCC guarantee the delivery pursuant to the terms of the tender offer, certain short participants will be liable for delivery to the long participant of the consideration it would have received pursuant to the terms of the tender offer. The proposed rule change will extend this protection to tender offers that have an election as to the form of consideration.

Once NSCC receives timely notification of a tender offer and starting two business days prior to the expiration of an offer, long participants and short participants with positions in the subject security will receive information regarding the offer each business day on the CNS reorganization information report. On the day prior to the expiration of the protect period in a tender offer with an option as to the consideration to be received, long participants will be permitted to elect their preferences (e.g., cash or securities) by submitting electronic instructions to NSCC through DTC's PTS Terminal system. Such participants will receive a preliminary protection report. On the same day, NSCC will issue a report to short participants advising them of their potential liability in the security if delivery is not made by the next business day.

If short participants deliver securities prior to the close of business on the expiration of the protect period, NSCC will redeliver these securities to long participants. Such participants can then participate in the tender offer outside the facilities of NSCC. If not all delivery obligations to the long participants are met, NSCC will issue to the remaining long participants a final protection report and will issue to the remaining short participants a final liability report, both of which reflect open positions remaining as of the close of business of that day.

At the expiration of the protect period, NSCC will establish two CNS subaccounts representing the alternative

forms of consideration for each security subject to a tender offer. All open positions for which a long participant has made an election will be moved into the appropriate CNS reorganization subaccount. Positions in a CNS subaccount are frozen until the payable date for the tender offer (i.e., short participants may not deliver in the securities). The short participants will immediately be charged a mark based on the difference between the market value of the subject securities and the consideration, and NSCC will retain such funds.⁵ In addition, the long positions and short positions will continue to be marked to the market daily.

On payable date, the subaccounts will be closed. NSCC will credit the general CNS account of long participants with either the securities or cash that they have elected to receive. NSCC will debit the general account of short participants with either the cash or securities they have been assigned to deliver (i.e., consideration securities). NSCC also will credit the account of short participants with the marks to the offer price being retained by NSCC. Some offers have limits on how many of the subject securities the offeror will accept or what percentage of consideration will be paid in cash or securities. At the end of the protect period, the offeror will reject on a pro rata basis excess securities. NSCC will similarly only hold short participants liable for the consideration for subject securities to the extent such securities would have been accepted by the tenderer.

NSCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder because it should facilitate the prompt and accurate clearance and settlement of securities transactions by expanding the types of reorganization that can be processed through CNS.⁶

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

NSCC perceives no impact on competition by reason of the proposed rule change.

⁵ In the case of a long participant selecting cash as consideration, the corresponding short participant will be charged the difference between the cash offered in the tender offer and the market price of the securities. In the case of a long participant selecting securities as consideration, the corresponding short participant will be charged the difference between the market value of the subject securities and the market value of the consideration securities.

⁶ 15 U.S.C. § 78q-1 (1988).

² Letters from Julie Beyers, Associate Counsel, NSCC, to Jerry Carpenter, Assistant Director, Division of Market Regulation, Commission (August 8, 1996, and September 27, 1996, as revised October 1, 1996).

³ The Commission has modified the text of the statements NSCC submitted.

⁴ The purpose of the protect period is to accommodate persons who purchase securities on the expiration date with the intention of participating in the tender offer. Such persons generally will not receive the securities to forward to the tenderer until the settlement date three business days later.

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

NSCC has not solicited nor received comment on the proposed rule change.

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 NSCC 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, 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 NSCC. All submissions should refer to the file number (File No. SR-NSCC-96-15) and should be submitted by November 12, 1996.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-26929 Filed 10-18-96; 8:45 am]

BILLING CODE 8010-01-M

Performance Review Board: Membership

AGENCY: Securities and Exchange Commission.

ACTION: Notice of membership of performance review board.

SUMMARY: In accordance with 5 U.S.C. 4314(c)(4), the U.S. Securities and Exchange Commission announces the appointment of Performance Review Board members.

EFFECTIVE DATE: November 1, 1996.

FOR FURTHER INFORMATION CONTACT: Carol S. Smith, U.S. Securities and Exchange Commission, Washington, DC 20549 (202) 942-4198.

The following are the names and present titles of the individuals appointed to the Performance Review Board established by the U.S. Securities and Exchange Commission.

NAME, TITLE, ORGANIZATION: Michael Schlein, Chief of Staff, Office of the Chairman James M. McConnell, Executive Director, Office of the Executive Director; Richard Walker, General Counsel, Office of the General Counsel.

For the Chairman, by the Executive Director, pursuant to delegated authority.

Dated: October 2, 1996.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-26927 Filed 10-18-96; 8:45 am]

BILLING CODE 8010-01-M

DEPARTMENT OF TRANSPORTATION

Aviation Proceedings; Agreements Filed During the Week Ending October 11, 1996

The following Agreements were filed with the Department of Transportation under the provisions of 49 U.S.C. 412 and 414. Answers may be filed within 21 days of date of filing.

Docket Number: OST-96-1843.

Date filed: October 7, 1996.

Parties: Members of the International Air Transport Association.

Subject:

PTC23 EUR-SEA 0002 dated September 27, 1996
r1-9

PTC23 EUR-SEA 0003 dated September 27, 1996 r10-19

PTC23 EUR-SEA 0004 dated September 27, 1996
r-20

Europe-Southeast Asia Expedited Resos

Intended effective date: as early as October 31, 1996

Docket Number: OST-96-1844.

Date filed: October 7, 1996.

Parties: Members of the International Air Transport Association.

Subject:

PTC31 S/CIRC 0003 dated September 27, 1996

TC31 Expedited Circle Pacific Reso 073c

Intended effective date: November 15, 1996

Docket Number: OST-96-1846.

Date filed: October 7, 1996.

Parties: Members of the International Air Transport Association.

Subject:

PTC 123 0002 dated October 4, 1996 Expedited North/Mid/South Atlantic Resos

r-1-002 r-2-015v

Intended effective date: November 1, 1996

Docket Number: OST-96-1853.

Date filed: October 9, 1996.

Parties: Members of the International Air Transport Association.

Subject:

PTC31 N/C 0004 dated October 8, 1996

PTC31 N/C 0005 dated October 8, 1996

North and Central Pacific Expedited Resos

r-1-311w r-2-002v r-3-073u

r-4-073v r-5-084hh r-6-071LL

r-7-071zz r-8-075r r-9-075w

Intended effective date: November 15, 1996

Docket Number: OST-96-1854.

Date filed: October 9, 1996.

Parties: Members of the International Air Transport Association.

Subject:

PTC31 N/C 0006 dated October 8, 1996

North and Central Pacific Expedited Resos

r-1-002z r-3-073p r-5-073u

r-2-070pp r-4-073r r-6-073v

r-7-084hh

Intended effective date: December 1, 1996

Paulette V. Twine,

Chief, Documentary Services Division.

[FR Doc. 96-26947 Filed 10-18-96; 8:45 am]

BILLING CODE 4910-62-P

Notice of Applications for Certificates of Public Convenience and Necessity and Foreign Air Carrier Permits Filed Under Subpart Q During the Week Ending October 11, 1996

The following Applications for Certificates of Public Convenience and Necessity and Foreign Air Carrier Permits were filed under Subpart Q of

⁷ 17 CFR 200.30-3(a)(12) (1996).