

by making an in-kind deposit of the securities that comprise the underlying index or portfolio, there is no limit on the available supply of underlying CountryBaskets. Accordingly, the Exchange believes that there is not the same need for option position and exercise limits to protect the underlying market against squeezes and other types of manipulation that applies to options on securities that are not open-ended. Furthermore, the CBOE believes that in the absence of any maintenance listing requirements in the underlying market that call for a minimum number of Units or for minimum trading volume, position and exercise limits would not be meaningful as a percentage of either of these measures. For these reasons, and to assure that so long as there is trading in the underlying CountryBaskets there can also be trading in the related options, the CBOE is not proposing any position or exercise limits for CountryBasket options. The CBOE reserves the right, however, to impose position and exercise limits if, for reasons not now foreseeable, such limits should ever be needed in the interest of fair and orderly markets in the options or the underlying CountryBaskets.

Reflecting that the underlying portfolios of CountryBaskets are indexed, it is proposed to amend Interpretation and Policy .01 under Exchange Rule 5.5 to provide that the minimum strike price intervals for options on CountryBaskets will be \$2.50 where the strike price is \$200 or less, and \$5.00 where the strike price is over \$200. These are comparable to the strike price intervals provided in Interpretation and Policy .01 under Exchange Rule 24.9, as applicable to broad-based index options having strike prices at about the level expected for CountryBasket options.

Margin requirements are proposed for options on CountryBaskets at the same levels that apply to options generally under Exchange Rule 12.3, except that, reflecting the indexed nature of underlying portfolios of CountryBaskets, minimum margin must be deposited and maintained equal to 100% of the current market value of the option plus 15% (instead of 20%) of the market value of equivalent units of the underlying security value. In this respect, the margin requirements proposed for options on CountryBaskets are comparable to margin requirements that currently apply to market index options under Exchange Rule 24.11(b)(i).

The CBOE believes it has the necessary systems capacity to support the additional series of options that

would result from the introduction of CountryBaskets options, and it has been advised that the Options Price Reporting Authority ("OPRA") also will have the capacity to support these additional series upon implementation of an additional outgoing high speed line from the OPRA processor.

The Exchange represents 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, because, by providing for the trading of options on CountryBaskets within the framework of the CBOE's regulated market place while there is trading in the underlying CountryBaskets in other exchange markets, the proposed rule change is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and to protect investors and the public interest.

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

The Exchange believes the proposed rule change will impose no inappropriate 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-96-52 and should be submitted by November 22, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-37864; File No. SR-DTC-96-16]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Fees and Charges

October 24, 1996.

Pursuant to Section 19(b)(1) ¹ of the Securities Exchange Act of 1934 ("Act"), notice is hereby given that on September 24, 1996, The Depository Trust Company ("DTC") 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 DTC. The Commission is publishing this notice to solicit comments from interested persons on the proposed rule change.

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

The proposed rule change revises DTC's Service Fee Schedule, which is attached as Exhibit 1.

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

In its filing with the Commission, DTC included statements concerning

⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1) (1988).

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. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

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

The purpose of the proposed rule change is to revise the fees associated with the Notice of Order Execution ("NOE"), the Institute Instruction ("II"), and Standing Instructions Database ("SID") features of DTC's Institutional Delivery ("ID") System. DTC continually strives to align service fees with estimated service costs and these revisions are part of that effort. Under the proposed rule change, the fees for NOEs and IIs will be billed to broker-dealers because these instructions facilitate the communication of execution and allocation details between broker-dealers and their institutional clients. The revised fee structure for SID is similar to the fee structure for ID confirmations which allocate the cost of the institution's copy to the bank and/or broker-dealer.

DTC is not currently assessing fees for the use of NOEs and IIs because these services currently are offered to participants and other parties as a pilot program.³ However, DTC intends to

² The Commission has modified the text of the summaries prepared by DTC.

³ Although DTC offers NOEs and IIs to its participants pursuant to a DTC pilot program, the Commission previously has fully approved these services. Securities Exchange Act Release No. 34119 (June 10, 1994) 59 FR 31660 [File No. SR-DTC-94-04] (order approving proposed rule change); Securities Exchange Act Release No. 35736 (May 18, 1995) 60 FR 27577 [File No. SR-DTC-95-08] (order approving proposed rule change).

begin assessing fees for NOEs and IIs as of October 1, 1996.⁴ Participants and other users of SID will be subject to the fee revisions as of October 1, 1996.

DTC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act⁵ and the rules and regulations thereunder because it provides for the equitable allocation of dues, fees, and other charges among DTC's participants and other parties who use DTC's ID System.

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

DTC does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Act.

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

No comments on the proposed rule change were solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii)⁶ of the Act and pursuant to Rule 19b-4(e)(2)⁷ promulgated thereunder because the proposal establishes or changes a due, fee, or other change imposed by DTC. At any time within sixty days of the filing of

⁴ The Commission previously approved fees for the NOE and II services in DTC's 1995 fee schedule, but DTC has not assessed its participants for these services. Securities Exchange Act Release No. 35736 (May 18, 1995) 60 FR 27577 [File No. SR-DTC-95-08] (order approving proposed rule change).

⁵ 15 U.S.C. 78q-1 (1988).

⁶ 15 U.S.C. 78s(b)(3)(A)(ii) (1988).

⁷ 17 CFR 240.19b-4(e)(2) (1996).

such 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 in 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 DTC. All submissions should refer to File No. SR-STC-96-16 and should be submitted by November 22, 1996.

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

Margaret H. McFarland,
Deputy Secretary.

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⁸ 17 CFR 200.30-3(a)(12) (1996).

Exhibit 1

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PARTICIPANT OPERATING PROCEDURES FEES

26. INSTITUTIONAL DELIVERY (ID) SYSTEM

Present Fee	Proposed Fee
[f. Notice of Order Execution]	[f. Notice of Order Execution]
[g. Institution Instruction (Trade Allocation)]	[g. Institution Instruction (Trade Allocation)]
[h. Standing Instructions Database (SID)] [Addition, Update and Deletion Notification]	[h. Standing Instructions Database (SID)]
[PTS and PC Dial-in Inquiry]	
[Broker-dealer internal account number to link to an institution account]	

\$0.10 to executing broker for each Notification of Order Execution

\$0.10 to executing broker and step-out broker for each Institution Instruction

for each confirmation passed through the SID database (in addition to the regular confirm fees):

\$0.05 to clearing broker for each confirm to broker, clearing broker, or interested party

\$0.05 to clearing agent for confirms to ID agent or clearing agent
\$0.05 to clearing agent or clearing broker for each confirm to institution that either agrees to pay for, or one-half that rate when parties agree to split the fee

\$0.05 to institution for each additional copy of a confirm