

Closed Session

2. Receive, consider and act on the recommendation(s) of the Board's Presidential Search Committee.

Open Session

3. Announcement of decision concerning recommendation(s) of Presidential Search Committee.
4. Public comment.
5. Consider and act on other business.

CONTACT PERSON FOR INFORMATION:

Victor M. Fortuno, General Counsel and Secretary of the Corporation, (202) 336-8810.

SPECIAL NEEDS: Upon request, meeting notices will be made available in alternate formats to accommodate visual and hearing impairments. Individuals who have a disability and need an accommodation to attend the meeting may notify Barbara Asante, at (202) 336-8800.

Dated: March 13, 1997.

Victor M. Fortuno,
General Counsel.

[FR Doc. 97-6836 Filed 3-13-97; 3:43 pm]

BILLING CODE 7050-01-P

POSTAL RATE COMMISSION

[Order No. 1163; Docket No. A97-15]

Lasker, North Carolina 27848 (Leon D. Collier, Petitioner); Notice and Order Accepting Appeal and Establishing Procedural Schedule Under 39 U.S.C. § 404(b)(5)

Issued March 12, 1997.

Docket Number: A97-15.

Name of Affected Post Office: Lasker, North Carolina 27848.

Name(s) of Petitioner(s): Leon D. Collier.

Type of Determination: Closing.

Date of Filing of Appeal Papers: March 10, 1997.

Categories of Issues Apparently Raised:

1. Effect on the community [39 U.S.C. § 404(b)(2)(A)].
2. Effect on postal services [39 U.S.C. § 404(b)(2)(C)].

After the Postal Service files the administrative record and the Commission reviews it, the Commission may find that there are more legal issues than those set forth above. Or, the Commission may find that the Postal Service's determination disposes of one or more of those issues.

The Postal Reorganization Act requires that the Commission issue its decision within 120 days from the date this appeal was filed (39 U.S.C. § 404(b)(5)). In the interest of expedition, in

light of the 120-day decision schedule, the Commission may request the Postal Service to submit memoranda of law on any appropriate issue. If requested, such memoranda will be due 20 days from the issuance of the request and the Postal Service shall serve a copy of its memoranda on the petitioners. The Postal Service may incorporate by reference in its briefs or motions, any arguments presented in memoranda it previously filed in this docket. If necessary, the Commission also may ask petitioners or the Postal Service for more information.

The Commission Orders

(a) The Postal Service shall file the record in this appeal by March 25, 1997.

(b) The Secretary of the Postal Rate Commission shall publish this Notice and Order and Procedural Schedule in the Federal Register.

By the Commission.
Margaret P. Crenshaw,
Secretary.

Appendix

March 10, 1997

Filing of Appeal letter

March 12, 1997

Commission Notice and Order of Filing of Appeal

April 4, 1997

Last day of filing of petitions to intervene [see 39 CFR § 3001.111(b)]

April 14, 1997

Petitioner's Participant Statement or Initial Brief [see 39 CFR § 3001.115 (a) and (b)]

May 5, 1997

Postal Service's Answering Brief [see 39 CFR § 3001.115(c)]

May 20, 1997

Petitioner's Reply Brief should Petitioner choose to file one [see 39 CFR § 3001.115(d)]

May 27, 1997

Deadline for motions by any party requesting oral argument. The Commission will schedule oral argument only when it is a necessary addition to the written filings [see 39 CFR § 3001.116]

July 8, 1997

Expiration of the Commission's 120-day decisional schedule [see 39 U.S.C. § 404(b)(5)]

[FR Doc. 97-6705 Filed 3-14-97; 8:45 am]

BILLING CODE 7710-FW-P

SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of Filings and, Information Services, Washington, DC 20549.

Extension: Rule 17a-8 SEC File No. 270-53 OMB Control No. 3235-0092.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget requests for approval of extension on the following rule: Rule 17a-8.

Rule 17a-8 under the Securities Exchange Act of 1934 (the "Act") requires brokers and dealers to make and keep certain reports and records concerning their currency and monetary instrument transactions. The requirements allow the Commission to ensure that brokers and dealers are in compliance with the Currency and Foreign Transactions Reporting Act of 1970 ("Bank Secrecy Act") and with the Department of the Treasury regulations under that Act.

The reports and records required under this rule initially are required under Department of the Treasury regulations, and additional burden hours and costs are not imposed by this rule.

General comments regarding the estimated burden hours should be directed to the Desk Officer for the Securities and Exchange Commission at the address below. Any comments concerning the accuracy of the estimated average burden hours for compliance with Commission rules and forms should be directed to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549, and Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 3208, New Executive Office Building, Washington, DC 20503.

Dated: March 10, 1996.

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-6559 Filed 3-14-97; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-38377; File No. SR-CBOE-96-63]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Granting Approval to Proposed Rule Change Relating to the Collection of Commission Income by a Non-Executing Floor Broker and Pooling of Floor Brokerage

March 7, 1997.

On October 21, 1996, the Chicago Board Options Exchange, Inc. ("CBOE")

or "Exchange") submitted to the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to delete Rules 6.25 and 14.6, relating to collection of commission income by a non-executing floor broker and pooling of floor brokerage.

The proposed rule change was published for comment in the Federal Register on December 10, 1996.³ No comments were received on the proposal. This order approves the proposal.

The Exchange proposes deleting Rule 6.25, Pooling of Floor Brokerage, which prohibits a member organization that has one or more floor brokers who are nominees of or whose memberships are registered for the member organization to enter into any agreement, arrangement, or understanding with another such organization whereby such organizations are to handle floor brokerage for each other. The Rule 6.25 prohibition does not apply to the handling of floor brokerage by one such firm for another on an occasional basis or to an arrangement permitted by the Equity Floor Procedure Committee in writing. By its terms, Rule 6.25 also does not prohibit an independent floor broker from handling floor brokerage for a member organization.

The Exchange also proposes deleting Rule 14.6, Collection of Floor Brokerage, which requires a member who acts as a floor broker for another member to collect and retain the entire brokerage and prohibits the collecting broker from dividing the brokerage with any other person. Rule 14.6, however, does permit the brokerage earned by a nominee of, or a broker whose membership is registered for, a member organization to be paid to the member organization. In this event, the member's compensation from the member organization must be commensurate with the brokerage so contributed and other services rendered.

Both Rule 6.25 and Rule 14.6 were adopted at the infancy of the Exchange in a very different environment than exists now. The Exchange states that the adoption of these rules was a simple method to ensure that floor brokers provided good service to their customers. Specifically, Rule 6.25 was intended to prevent the larger member firm organizations from dominating the floor brokerage business, thus limiting

competition. The prohibition of a floor broker from employing the services of a member organization employing more than one floor broker, however, could severely limit that brokers ability to handle his order flow in an efficient and timely manner, particularly at those posts without an independent floor broker. The Exchange believes, therefore, that this rule might actually hinder the efficient representation of customer orders on the floor and that floor broker organizations should be given the opportunity to develop such relationship as they feel can best enable them to service their customers. According to the CBOE, deletion of Rules 6.25 and 14.6 would remove the Exchange from being involved in the making of business determinations for floor brokers about what type of relationship can best meet their needs and allow them to best service their customers.

The Exchange proposes deleting these rules to ease limitations on the conduct of floor brokerage business on the floor of the Exchange. The Exchange believes that these rules are now no longer necessary to achieve their original purpose, i.e., to ensure that customer orders are handled with due diligence, in light of the adoption of rules which specifically govern floor broker behavior⁴ and in light of changes in the industry over the last twenty years since these rules were adopted.⁵

The CBOE states 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 promote just and equitable principles of trade and remove impediments to and enact mechanism of a free and open market.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b).⁶ Specifically, the Commission believes the proposal is consistent with the

Section 6(b)(5)⁷ requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in transactions in securities, to prevent fraudulent and manipulative acts, and, in general, to protect investors and the public interest.⁸ The Commission also believes the proposal is consistent with the Section 6(b)(8) requirements that the rules of an exchange do not impose any burden on competition not necessary or appropriate.⁹

The Commission supports the CBOE's efforts to continue to review the form and substance of its regulations in response to changes in market structure and eliminate requirements that no longer serve a meaningful regulatory purpose. After careful review, the Commission agrees with the CBOE's determination that the restrictions contained in Rules 6.25 and 14.6 are not necessary to ensure adequate oversight of floor brokerage activity on the CBOE. Particularly, the Commission finds that the elimination of Rules 6.25 and 14.6 should aid the efficient and orderly operation of the trading floor of the Exchange.

With respect to Rule 6.25, the CBOE has concluded that domination of the floor brokerage business by a small number of brokers is unlikely in light of the increased automation of traditional floor broker functions. The Commission notes that the CBOE has adequate rules in place relating to the way floor brokers handle customer orders that should ensure that customer orders are handled with due diligence.¹⁰ The Commission also notes that at least several other exchanges currently do not have rules forbidding the arrangements covered by Rule 6.25, with no observed abuses in this area.¹¹

With respect to the deletion of Rule 14.6, the Commission believes that the removal of the prohibition on the collection of floor brokerage by a non-executing floor broker provides an opportunity for more equitable allocation and division of earned floor

⁷ 15 U.S.C. 78f(b)(5).

⁸ In approving these rule changes, the Commission has considered the proposed rules' impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁹ 15 U.S.C. 78f(b)(8).

¹⁰ See CBOE Rule 6.71(b) Registration of Floor Brokers and Rule 6.73 Responsibilities of Floor Brokers.

¹¹ Neither the American Stock Exchange nor the Pacific Stock Exchange have rules to prohibit collection of commission income by a non-executing floor broker or pooling of floor brokerage. Telephone conversation between Claire McGrath, Amex and David Sieradzki, SEC (Dec. 23, 1996); telephone conversation between Mike Pierson, PSE and David Sieradzki, SEC (Dec. 23, 1996).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 38012 (December 3, 1996), 61 FR 65098 (December 10, 1996).

⁴ See CBOE rule 6.73, Responsibilities of Floor Brokers, which requires the use of due diligence to obtain the best price when executing an order.

⁵ According to the CBOE, the use of computerized order systems on the Exchange has dramatically reduced the percentage of orders floor brokers handle. As a result, many member firms have only one floor broker at a post, creating a situation where orders must be passed from one floor broker to another on a regular basis to ensure that customer orders are always represented in a timely manner at the post. Telephone conversation between Tim Thompson, CBOE and David Sieradzki, SEC (January 14, 1997).

⁶ 15 U.S.C. 78f(b).

brokerage. The Commission does not believe the elimination of Rule 14.6 will adversely effect the quality of execution by floor brokers of customer orders. Specifically, the Commission notes that the CBOE has other rules that require floor brokers to use due diligence in executing Order.¹² In addition, the floor broker executing the trade is required to place his or her acronym on the trade ticket,¹³ ensuring that the executing floor broker can be identified and held accountable for the handling of the trade. The elimination of Rule 14.6 should aid in the orderly flow of the market in that it enables floor brokers to assist each other in handling order flow on a more regular basis without penalty. The Commission also notes that at least several other exchanges currently do not have rules forbidding the arrangements covered by Rule 14.6, with no observed abuses in this area.¹⁴

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁵ that the proposed rule change (SR-CBOE-96-63) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁶

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-6561 Filed 3-14-97; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-38375; File No. SR-CBOE-97-14]

**Self-Regulatory Organizations;
Chicago Board Options Exchange,
Incorporated; Notice of Filing of
Proposed Rule Change Relating to the
Transfer of the Options Business of
the New York Stock Exchange to the
Chicago Board Options Exchange**

March 7, 1997.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934,¹ notice is hereby given that on March 3, 1997, the Chicago Board Options Exchange, Incorporated ("CBOE" and "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 CBOE. 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**

CBOE proposes to amend its Constitution and Rules in order to authorize the issuance of options trading permits ("Permits") in connection with the proposed transfer of the options business of the New York Stock Exchange, Inc. ("NYSE") to CBOE. CBOE also proposes to define the rights and obligations associated with Permits, and to provide for the trading of options on the NYSE Composite Index.²

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

In its filing with the Commission, 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**

The purpose of the proposed rule change is to authorize the issuance of 75 "Options Trading Permits" ("Permits") in connection with the proposed transfer of the NYSE's options business to CBOE, and to define the rights and obligations associated with such Permits.³ In addition, the proposed rule change amends CBOE rules as necessary to provide for the trading on CBOE of options on the NYSE Composite Index. The 75 Permits are proposed to be issued pursuant to the terms of an agreement between CBOE and NYSE. The agreement represents the culmination of a process initiated by NYSE in the summer of 1996 when it announced that it intended to discontinue its options business. At that time, NYSE invited interested parties wishing to continue NYSE's options business to bid for its acquisition by offering trading rights and other benefits to NYSE members, including payment for the "going business" value of the business to be acquired. Based on its bid

in response to NYSE's invitation, NYSE determined to enter into exclusive negotiations with CBOE. A definitive agreement between CBOE and NYSE ("Agreement") was executed as of February 5, 1997.⁴

The Agreement contemplates that trading in NYSE Options will commence on the CBOE trading floor on April 28, 1997 ("Effective Date"), subject to the fulfillment of specified conditions and the approval of this proposed rule change and the parallel filing by NYSE.⁵ The Agreement provides that CBOE will pay \$5,000,000 as the purchase price for the business to be transferred, of which \$1,200,000 will be retained by NYSE to cover its costs associated with the termination of its options activities and as payment for a ten-year license granted to CBOE to enable it to trade options on the NYSE Composite Index, and \$3,800,000 net of a tax reserve will be distributed pro rata to all NYSE members. Details of the cash distribution to NYSE members are described in Item 3 of the parallel proposed rule change filed by NYSE.

The Agreement also provides that CBOE will issue up to a total of 75 Permits to those NYSE specialist and non-specialist firms and sole proprietors who operated pursuant to options trading rights on NYSE on December 5, 1996, and who agree to transfer their options activities to CBOE. In the case of an NYSE specialist, the specialist firm may select any qualified person to act as its nominee on CBOE. In the case of a non-specialist, the individual acting pursuant to an options trading badge on NYSE on December 5, 1996, must personally relocate to Chicago in order to receive a Permit. If less than 75 Permits are issued to NYSE specialists and non-specialists, the Agreement provides that the difference between 75 Permits and the number of Permits so issued will be deposited in a lease pool to be leased to qualified persons who wish to trade NYSE Options on CBOE. The proceeds from the lease of these Permits will be paid to certain designated persons who help options trading rights on NYSE, as described below.

The issuance of 75 Permits is proposed to be authorized pursuant to a new Section 2(e) to the Exchange's

⁴ A copy of the Agreement is attached as Exhibit B to this filing and is available for review at the Office of the Secretary of CBOE, and in the Public Reference Room of the Commission.

⁵ "NYSE Options" are defined as those classes of options that were traded on NYSE immediately prior to the Effective Date and not then also traded on CBOE, and those classes of options on at least 14 additional underlying stocks which CBOE has agreed to designate as NYSE Options during each of the seven years following the Effective Date.

¹² See *supra* note 10.

¹³ See DBOE Rule 6.51 Reporting Duties.

¹⁴ See *supra* note 11.

¹⁵ 15 U.S.C. 78s(b)(2).

¹⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1) (1988).

² The text of the proposed rule change is available at the Office of the Secretary, CBOE and in the Public Reference Room of the Commission.

³ On March 3, the NYSE filed with the Commission a proposed rule change, SR-NYSE-97-05, regarding the transfer of the NYSE options business to the CBOE.