

market in municipal securities, and, in general, to protect investors and the public interest * * *.

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

The Board does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, since it would apply equally to all brokers, dealers, and municipal securities dealers.

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

The Board has not solicited or received comments on the proposed rule change.

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

The foregoing rule change constitutes a stated policy, practice or interpretation with respect to the meaning, administration, or enforcement of the Board's existing rule G-12(h), and therefore, has become effective pursuant to Section 19(b)(3)(A) of the Act⁴ and subparagraph (e) of Rule 19b-4⁵ thereunder. At any time within 60 days of filing of the proposed rule change, the Commission may summarily abrogate the 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 people are invited to submit written data, views, and arguments concerning the foregoing. People 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 the filing will also be available for inspection and copying at

the Board's principal offices. All submissions should refer to File No. SR-MSRB-96-13 and should be submitted by February 11, 1997.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-1303 Filed 1-17-97; 8:45 am]

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[Release No. 34-38165; File No. SR-OCC-96-19]

Self-Regulatory Organizations; The Options Clearing Corporation; Order Granting Accelerated Approval of a Proposed Rule Change Relating to the Expiration Time and Assignment Processing Procedures for Certain Flexibly Structured Foreign Currency Options

January 14, 1997.

On December 17, 1996, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-OCC-96-19) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act") to modify the expiration time and assignment processing procedures for certain flexibly structured foreign currency options.¹ Notice of the proposal was published in the Federal Register on December 23, 1996.² No comment letters were received. For the reasons discussed below, the Commission is granting accelerated approval of the proposed rule change.

I. Description

The rule change modifies the expiration time and assignment processing procedures for certain flexibly structured foreign currency options, including certain flexibly structured cross-rate foreign currency options. Under the rule, all flexibly structured foreign currency options and flexibly structured cross-rate foreign currency options (collectively referred to as "flexibly structured FCOs") listed for trading after January 14, 1997, and expiring on or after April 1, 1997, will expire at 10:15 a.m. Eastern Time ("ET") instead of 11:59 p.m. ET. Furthermore, all flexibly structured FCOs will be subject to pro rata assignment instead of random assignment.

⁶ 17 CFR 200-30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² Securities Exchange Act Release No. 38070 (December 20, 1996), 61 FR 68807.

The Philadelphia Stock Exchange ("PHLX") presently trades two types of flexibly structured FCO contracts. They are (1) flexibly structured FCOs for which market participants do not specify an expiration date ("standard flex FCOs") which expire on standard mid-month and end-of-month expiration dates at 11:59 p.m. ET (this expiration time is consistent with standard foreign currency options); and (2) custom dated flexibly structured FCOs ("custom dated flex FCOs") for which market participants specify the expiration date and which expire at 10:15 a.m. ET on such expiration date. Exercise notices regarding standard flex FCOs are subject to random assignment processing. Exercise notices regarding custom dated flex FCOs are subject to pro rata assignment processing.

PHLX requested that OCC modify its rules to provide that the expiration time for both types of flexibly structured FCOs be 10:15 a.m. ET on their expiration date, and that exercises involving such flexibly structured FCOs be assigned pursuant to OCC's pro rata procedures.³ PHLX also requested that this change be effective for any standard flex FCOs listed for trading after January 14, 1997, with an expiration on or after April 1, 1997. Accordingly, any standard flex FCO contract established on or before January 14, 1997, will expire at 11:59 p.m. ET and be subject to a random assignment process. Currently, there is open interest in standard flex FCOs expiring mid-month and end-of-month for the months of March, April, July, September, and October 1997.⁴ Because the existing standard flex FCOs will be exempt from the new procedures, OCC will be required to execute two separate processing cycles, one in the morning and one in the evening. OCC has represented to the Commission that the execution of two separate processing cycles will not adversely affect OCC or its participants.⁵

³ The Commission has approved a proposed rule change by PHLX regarding the trading hours, expiration times, assignment procedures and other operational procedures for flexibly structured FCOs. Securities Exchange Act Release No. 37718 (September 24, 1996), 61 FR 51479 [File No. SR-PHLX-96-13] (order approving proposed rule change).

⁴ Notwithstanding the above, PHLX has indicated that it may ask holders of existing series to direct OCC to adjust the expiration time so that such contracts will expire at 10:15 a.m. ET with pro rata assignment. If the holders and the writers direct OCC to make these adjustments, OCC will act accordingly provided that OCC receives the proper authorizations from all parties involved.

⁵ Additionally, OCC believes that the change in assignment processing is merely a change in OCC's procedures and does not affect the methodologies of either the random or pro rata assignment process.

⁴ 15 U.S.C. 78s(b)(3)(A).

⁵ 17 CFR 240.19b-4.

Certain definitions in OCC's by-laws have been amended to be consistent with the previously approved PHLX rules.⁶ Articles I, XV, and XX of OCC's by-laws regarding expirations dates and times for standard option contracts, foreign currency options, and cross-rate foreign currency options, respectively, have been amended to better define the distinction between standard foreign currency options and flexibly structured FCOs and will clarify that, but for standard flex FCOs established on or before January 14, 1997, all flexibly structured FCOs, whether standard flex FCOs or custom dated flex FCOs, will expire at 10:15 a.m. on the expiration date and be subject to a pro rata assignment process. In addition, Section 1.E(4)(iii) of Articles XV and XX of OCC's by-laws will serve as a transitional rule to govern the expiration time and assignment processing to be used for existing standard flex FCO contracts (*i.e.*, standard flex FCO contracts established on or before January 14, 1997) and to exempt such standard flex FCO contracts from the rule change.

II. Discussion

Section 17A(b)(3)(F) of the Act⁷ provides that the rules of a clearing agency must be designed to promote the prompt and accurate clearance and settlement of securities transactions. The Commission believes that the proposed rule change is consistent with OCC's obligation under the Act because it will increase uniformity in the expiration time and assignment processing procedures for all flexibly structured FCOs. Because OCC has modified its by-laws to create uniform expiration times for all flexibly structured FCO contracts listed for trading after January 14, 1997 with an expiration on or after April 1, 1997 to 10:15 a.m. ET, any investor confusion resulting from the disparate expiration times for standard flex FCOs and custom flex FCOs should be reduced which should promote the prompt and accurate clearance and settlement of securities transactions.

Furthermore, OCC's by-laws also have been modified to require that exercise notices regarding both custom flex and standard flex FCOs be assigned pursuant to OCC's pro rata procedures as opposed to random assignment procedures. Under random assignment procedures, option writers are randomly

assigned and exercised against.⁸ Under pro rata assignment, the number of contracts assigned to a particular option writer is directly proportional to the total number of option contracts assigned to all option writers.⁹ Pro rata assignment should allow member participants to ascertain their exercise exposures more quickly than with random assignment processing. Accordingly, because standard flex FCO writers will be able to ascertain their exposures, the rule change should increase liquidity thereby enhancing the prompt and accurate clearance and settlement of securities transactions.

OCC has requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing. The Commission finds good cause for so approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing so that the proposal can be implemented by January 14, 1997 in conjunction with the end of a foreign currency options expiration cycle.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 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 change (File No. SR-OCC-96-19) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-1361 Filed 1-17-97; 8:45 am]

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SMALL BUSINESS ADMINISTRATION

Revocation of License of Small Business Investment Company

Pursuant to the authority granted to the United States Small Business Administration by the Final Order of the United States District Court for the Central District of California dated July

⁸ For example, option writers could have none, some, or all of their positions in a particular series of contracts assigned.

⁹ For example, under pro rata processing if 25% of all outstanding contracts in a particular series are exercised, an individual writer will know that only 25% of its short position in such contracts will be assigned.

¹⁰ 17 CFR 200.30-3 (a) (12).

22, 1996, the United States Small Business Administration hereby revokes the license of Builders Capital Corporation, a California corporation, to function as a small business investment company under Small Business Investment Company License No. 09/09-0209 issued to Builders Capital Corporation on November 10, 1977 and said license is hereby declared null and void as of September 18, 1996.

Dated: January 14, 1997.

United States Small Business Administration.

Don A. Christensen,

Associate Administrator for Investment.

[FR Doc. 97-1286 Filed 1-17-97; 8:45 am]

BILLING CODE 8025-01-P

Revocation of License of Small Business Investment Company

Pursuant to the authority granted to the United States Small Business Administration by the Final Order of the United States District Court for the Southern District of Florida dated October 29, 1996, the United States Small Business Administration hereby revokes the license of Cubico Ltd., Inc., a Florida corporation, to function as a small business investment company under Small Business Investment Company License No. 04/04-5154 issued to Cubico Ltd., Inc. on August 9, 1979 and said license is hereby declared null and void as of December 18, 1996.

Dated: January 14, 1997.

United States Small Business Administration.

Don A. Christensen,

Associate Administrator for Investment.

[FR Doc. 97-1289 Filed 1-17-97; 8:45 am]

BILLING CODE 8025-01-P

Revocation of License of Small Business Investment Company

Pursuant to the authority granted to the United States Small Business Administration by the Final Order of the United States District Court for the District of Idaho, dated June 27, 1996, the United States Small Business Administration hereby revokes the license of First Idaho Venture Capital Corporation, an Idaho corporation, to function as a small business investment company under the Small Business Investment Company License No. 10/10-0161 issued to First Idaho Venture Capital Corporation on March 19, 1974 and said license is hereby declared null and void as of September 30, 1996.

Dated: January 17, 1997.

⁶ The specific changes to OCC's by-laws are set forth in OCC's proposed rule change, which is available for review through OCC and the Commission's Public Reference Room.

⁷ 15 U.S.C. 78q-1(b)(3)(F).