

materials costs of maintaining its rail cars; (2) the sharing of indirect costs according to the ratio of each company's direct labor costs to total direct labor costs; (3) the sharing of costs of improvements to the Repair Facility according to the companies' agreement; (4) PSO having an option to purchase a portion of the Repair Facility when SWEPCO obtains legal title to the Repair Facility; and (5) SWEPCO retaining all tax benefits of its equitable ownership of the Repair Facility and PSO receiving a share of such tax benefits based on a weighted average cost ratio for each fiscal year. On August 9, 1996, the lease allowing SWEPCO to use the Repair Facility expired, and the title reverted to SWEPCO. PSO exercised its option to purchase a portion of the Repair Facility, and is a minority owner of the Repair Facility.

CPL currently employs unit trains and rail cars to transport coal to certain of its coal-fired electricity generation plants from mines in Wyoming and Colorado. The rail car repair facility that CPL had used to repair its rail cars recently closed. CPL proposes to use the Repair Facility to repair its rail cars. Applicants state that CPL's unit trains can be run over the same tracks through Alliance, Nebraska as SWEPCO's and PSO's unit trains. Applicants also state that the Repair Facility can be expanded to furnish all of CPL's maintenance needs through the addition of extra workers without the need to construct additional plant space.

CPL proposes to participate with SWEPCO and PSO in the use and costs of the maintenance of the Repair Facility pursuant to a Revised Rail Car Maintenance Facility Agreement ("Revised Facility Agreement").

The allocation of direct and indirect costs under the Revised Facility Agreement will be parallel to the allocation under the Facility Agreement. The Applicants propose to share according to a formula the cost of lease payments on the Repair Facility, general operation and maintenance costs and all other costs capitalized according to generally accepted accounting principles (the "Indirect Costs"). The Applicants propose that Indirect Costs be shared among them on the basis of a cost ratio (the "Cost Ratio"), which is equal to the ratio of each Applicant's direct labor costs for its rail cars actually repaired or inspected at the Repair Facility to the total direct labor costs for all rail cars owned by the Applicants and repaired at the Repair Facility. The Cost Ratio will be determined on the last day of each calendar month. Each Applicant will pay the actual direct costs of inspection and maintenance of

its own rail cars, including parts, maintenance, labor and other expenses capable of direct assignment to a specific rail car. All costs to the Applicants will be determined in accordance with rule 91 under the 1935 Act.

Also, as under the Facility Agreement, the cost of leasehold improvements to the Repair Facility will be allocated by agreement of the Applicants under the Revised Facility Agreement.

In the event leasehold improvements are made in the future, the Applicants will share the costs of such improvements on such terms and conditions as are agreed to by the Applicants at the time of such improvements and as are approved by further application to the Commission. In reaching such agreement, the Applicants will give full consideration to which Applicant's rail cars necessitated the improvements.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release 34-38703; International Series Release No. 1087; File No. 600-20]

Self-Regulatory Organizations; International Securities Clearing Corporation; Notice of Filing of and Order Approving a Request for Extension of Temporary Registration as a Clearing Agency

May 30, 1997.

Notice is hereby given that on May 5, 1997, the International Securities Clearing Corporation ("ISCC") filed with the Securities and Exchange Commission ("Commission") an application pursuant to Section 19(a) of the Securities Exchange Act of 1934 ("Act")¹ to extend ISCC's temporary registration as a clearing agency.² The Commission is publishing this notice and order to solicit comments from interested persons and to extend ISCC's temporary registration as a clearing agency through February 28, 1998.

On May 12, 1989, the Commission granted, pursuant to Sections 17A and 19(a) of the Act³ and rule 17Ab2-1(c) thereunder, the application of ISCC for

registration as a clearing agency on a temporary basis for a period of eighteen months.⁴ As a part of ISCC's temporary registration, the Commission granted to ISCC a temporary exemption from compliance with Section 17A(b)(3)(C) of the Act,⁵ which requires that the rules of a clearing agency assure the fair representation of its shareholders or members and participants in the selection of its directors and administration of its affairs. Since that time, the Commission has extended ISCC's temporary registration through May 31, 1997.⁶

One of the primary reasons for ISCC's registration as a clearing agency was to enable it to provide for the safe and efficient clearance and settlement of international securities transactions by providing links to centralized, efficient processing systems in the United States and to foreign financial institutions. ISCC serves this function through its Global Clearance Network service and through its settlement links with foreign clearing entities such as Euroclear.⁷

As a part of its temporary registration, ISCC was granted a temporary exemption from the fair representation requirements of Section 17A(b)(3)(C) due to ISCC's limited participant base.⁸ In its May 5, 1997, letter, ISCC notes that it has filed a proposed rule change which it believes will enable ISCC to comply with the fair representation requirements. Because ISCC's rule filing is still undergoing Commission review, the Commission is extending ISCC's temporary registration from clearing agency registration and ISCC's temporary exemption from the fair representation requirements of Section 17A(b)(3)(C). If the Commission determines that ISCC provides fair representation for its participants as required by Section 17A(b)(3)(C) prior to the next renewal of its temporary

⁴ Securities Exchange Act Release No. 26812 (May 12, 1989), 54 FR 21691.

⁵ 15 U.S.C. 78q-1(b)(3)(C).

⁶ Securities Exchange Act Release Nos. 28606 (November 16, 1990), 55 FR 47976; 30005 (November 27, 1991), 56 FR 63747; 33233 (November 22, 1993), 58 FR 63195; 36529 (November 29, 1995), 60 FR 62511; and 37986 (November 25, 1996), 61 FR 64184.

⁷ Securities Exchange Act Release Nos. 29841 (October 18, 1991), 56 FR 55960 (order approving ISCC's Global Clearance Network service) and 32564 (June 30, 1993), 58 FR 36722 (order approving linkage with Euroclear).

⁸ Currently, ISCC's board of directors is authorized for a maximum of twenty-two members. The twenty-two directors on the board of the National Securities Clearing Corporation, the sole shareholder of ISCC, serve as ISCC's board of directors. At the time of ISCC's initial temporary registration, ISCC stated that it would provide fair representation to its participants by the earlier of: (1) the time ISCC has twenty-five active participants or (2) 1992.

¹ 15 U.S.C. 78s(a).

² Letter from Julie Beyers, Associate Counsel, ISCC (May 5, 1997) ("Registration Letter").

³ 15 U.S.C. 78q-1 and 78s(a).

registration, the Commission will consider ISCC's request to obtain permanent registration under the Act.

Interested persons are invited to submit written data, views, and arguments concerning the foregoing application. Such written data, views, and arguments will be considered by the Commission in granting registration or instituting proceedings to determine whether registration should be denied in accordance with Section 19(a)(1) of the Act.⁹ Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Copies of the application and all written comments will be available for inspection and copying at the Commission's Public Reference Room, 450 Fifth Street, NW., Washington, DC 20549. All submissions should refer to the File No. 600-20 and should be submitted by July 7, 1997.

It is therefore ordered, pursuant to Section 19(a) of the Act, that ISCC's registration as a clearing agency (File No. 600-20) be and hereby is temporarily approved through February 28, 1998.

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

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38702; File No. SR-CBOE-97-22]

Self-Regulatory Organizations; Chicago Board Options Exchange, Inc.; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Relating to Enhancements to the Electronic Order Routing System

May 30, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on May 15, 1997, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I and II below, which Items have been prepared by the CBOE. The Commission

is publishing this notice and order to solicit comments on the proposed rule change from interested persons and to grant accelerated approval of the proposed rule change.

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

The CBOE is seeking permanent approval of a pilot program involving certain enhancements to the Exchange's electronic order routing system ("ORS").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, 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 III 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

CBOE is seeking permanent approval of a pilot program concerning certain enhancements to ORS. On February 10, 1997, the Commission approved the pilot program until May 30, 1997 to allow CBOE the opportunity to evaluate the changes and determine whether to implement them on a permanent basis.³ After over two months of evaluating the enhancements under the pilot program, the Exchange has determined to seek permanent approval of the changes.

The Exchange distributed a regulatory circular to its members describing the proposed changes, including certain enhancements to ORS, and certain limitations that continue to apply to the use of ORS.⁴ Specifically, during the pilot program the enhancements have allowed the electronic routing and processing of contingency and discretionary orders, the recognition by ORS of firm and broker-dealer orders, the routing of firm and broker-dealer orders to the Public Automated Routing System workstations in the Standard &

Poor's 100 Index ("OEX") crowd, and the execution of certain contingency orders on the Exchange's Retail Automatic Execution System, as further explained below.

There are four possible destinations for an ORS order: (1) the Retail Automatic Execution System ("RAES"), (2) the Electronic Book ("EBOOK"), (3) the Public Automated Routing System ("PAR") and Floor Broker Routing, and (4) a firm's booth. Before instituting the pilot program, the Exchange completed systems enhancements to ORS, resulting in electronic routing and processing of contingency and discretionary orders and the acceptance of firm and broker-dealer orders as valid origin types. Specifically, the enhancements have allowed for the routing of the following types of contingency and discretionary orders: All or None orders (AON), Immediate or Cancel orders (IOC), Fill or Kill orders (FOK), Minimum Quantity orders (MIN), Stop orders (STP), Stop Loss orders (STP LOSS), Opening Only orders (OPG), Market on Close Orders (MOC), Closing Only orders (CLO), Market if Touched orders (MIT), Not held orders (NH), and With Discretion orders. Due to system and administrative limitations, ORS has continued to be unavailable for stop limit orders as well as spreads, straddles, combos, and other multi-part orders.

The Exchange notes that there have been a number of practical results from these systems enhancements for customers, for brokers, and for the Exchange. As a result of these changes, customer orders that are otherwise RAES eligible market and marketable limit orders tagged with AON, IOC, FOK, or MIN have been executed on RAES. For MIN orders, the total order quantity must be within the RAES volume. The Exchange believes the system enhancements have also had the effect of improving the efficiency of reporting and the accuracy of audit trails for firm and broker-dealer orders because these orders now have an ORS-id. In addition, the Exchange has enabled the system to actually route firm and broker-dealer orders electronically to the PAR workstations in OEX. In order to determine the affect of the routing of firm and broker-dealer orders, the Exchange has determined to allow the routing of such orders to PAR stations at the OEX trading stations. The Exchange believes that there is a possibility that the routing of broker-dealer and firm orders to the PAR stations could in busy times slow the processing of orders of public customers. The continued restriction of the system to route broker-dealer and

⁹ 15 U.S.C. 78s(a)(1).

¹⁰ 17 CFR 200.30-3(a)(16).

¹ 15 U.S.C. § 78s(b)(1).

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

³ See Securities Exchange Act Release No 38261 (February 10, 1997), 62 FR 7080 (February 14, 1997).

⁴ Notice of the effectiveness of the pilot program was presented to the CBOE membership in Regulatory Circular RG97-18 (February 7, 1997).