

Subsequent Partnership and for a period of at least six years after the termination of the Initial or Subsequent Partnership, and will be subject to examination by the SEC and its staff.<sup>1</sup>

4. Each Partnership and its general partner will maintain and preserve, for the life of the Partnership and at least two years thereafter, such accounts, books, and other documents as constitute the record forming the basis for the audited financial statements that are to be provided to the limited partners, and each annual report of the Partnership required to be sent to the limited partners, and agree that all such records will be subject to examination by the SEC and its staff.

5. The General Partner and any general partner of any Subsequent Partnership will send to each limited partner of such Partnership who had an interest in any capital account of such Partnership, at any time during the fiscal year then ended, Partnership financial statements audited by the Partnership's independent accountants. At the end of each fiscal year, the General Partner and the general partner of each Subsequent Partnership will make a valuation or have a valuation made of all of the assets of such partnership as of such fiscal year end in a manner consistent with customary practice with respect to the valuation of assets of the kind held by the Partnership. In addition, within 90 days after the end of each fiscal year of each Partnership or as soon as practicable thereafter, the general partner of such Partnership will send a report to each person who was a partner at any time during the fiscal year then ended, setting forth such tax information as shall be necessary for the preparation by the partner of his Federal and state income tax returns and a report of investment activities during the year.

6. If purchases or sales are made by a Partnership from or to an entity affiliated with the Partnership by reason of a 5% or more investment in such entity by any director, officer or employee of PaineWebber or by any director, officer of the general partner of that Partnership, such individual will not participate in that general partner's determination of whether or not to effect such purchase or sale.

For the SEC, by the Division of Investment Management, under delegated authority.

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38840; File No. SR-CBOE-97-21]

### Self-Regulatory Organizations; Order Approving Proposed Rule Change by the Chicago Board Options Exchange, Incorporated Relating to Membership Application Submission Deadlines

July 16, 1997.

On May 15, 1997, the Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> the proposed rule change to amend CBOE Rule 3.9 to give the Exchange's Membership Committee the authority to establish deadlines for the submission of each type of membership application. Notice of the proposed rule change, together with the substance of the proposal, was published in the **Federal Register**.<sup>2</sup> No comment letters were received. This order approves the proposed rule change.

#### I. Background

CBOE Rule 3.9(a) currently requires every individual or organization applying to become an Exchange member and every individual applying to become a nominee of an Exchange member organization to file an application with the Exchange's Membership Department no later than the first business day of the month during which the application will be considered by the Exchange's Membership Committee. The Membership Committee generally meets once a month on the Thursday of the third week of the month. Depending on the particular month, the current membership application submission deadline can provide the Exchange with as few as 10 business days to process a membership application prior to the Membership Committee's consideration of the application at its monthly meeting.

According to the Exchange, the current application submission deadline

makes it extremely difficult for the Exchange to complete the processing of new membership applications in time for consideration by the Membership Committee at its monthly meeting. On the other hand, the Exchange is typically able to process more quickly the application of an existing member to change his or her membership status or the application of a former individual member who is reapplying for membership within 6 months after his or her membership termination date.

The proposed rule change will eliminate the current general membership application submission deadline, and instead, provide in Rule 3.9(a) that the Membership Committee shall establish separate submission deadlines for each type of membership application. Once the Membership Committee has established the submission deadline for a particular type of membership application, each type of membership application will be required to be submitted to the Membership Department in accordance with the deadline to be eligible to be considered for approval.

#### II. Discussion

The proposed rule change is consistent with Section 6(b) of the Act, in general, and Sections 6(b)(5) and 6(b)(7), in particular, in that it is designed to protect investors and the public interest and to provide a fair procedure for the consideration of Exchange membership applications by ensuring that the Exchange has adequate time in which to review membership applications.<sup>3</sup> The proposed rule change will permit the Membership Committee to tailor a particular submission deadline to the type of membership application involved and to periodically shorten or lengthen the deadline, if appropriate, to correlate the submission deadline with the amount of time that the Exchange is generally taking to process that type of application. Furthermore, the proposed rule change will not restrict the Membership Committee's ability to table its consideration of a membership application pursuant to CBOE Rule 3.9(c)(1) of Rule 3.9(e) to obtain additional information concerning an applicant or pursuant to CBOE Rule 3.4(d) when an applicant is subject to an investigation being conducted by a self-regulatory organization or government agency involving the applicant's fitness for membership.

<sup>1</sup> Consistent with rule 31a-2 under the Act, each of the Partnerships will preserve the accounts, books and other documents required to be maintained in an easily accessible place for the first two years.

<sup>1</sup> 15 U.S.C. § 78s(b)(1) (1988).

<sup>2</sup> Securities Exchange Act Release No. 38725 (June 6, 1997), 62 FR 32394 (June 13, 1997).

<sup>3</sup> The Commission has considered the effect of the proposed rule change on the promotion of efficiency, competition and capital formation. 15 U.S.C. § 78(c).

The Commission also believes that the proposed rule change provides a fair procedure to members who apply for membership or to change their membership status because the Membership Committee must establish submission deadlines that are not in excess of 90 days prior to the date that such an application will be considered for approval. Furthermore, the Membership Committee will provide adequate notice of the particular submission deadlines to its membership. The Membership Committee will not alter any membership application submission deadline without first giving at least 60 days prior notice in the form of a regulatory circular that a new deadline will be going into effect. The Membership Committee will disseminate these submission deadlines in a regulatory circular published in the Exchange's Regulatory Bulletin and will include the regulatory circular in the membership information packets provided to prospective membership applicants.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act, that the

proposed rule change, SR-CBOE-97-21, be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>4</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38842; File No. SR-CSE-97-08]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Cincinnati Stock Exchange, Inc., Relating to Transaction Fees

July 16, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on July 15, 1997, The Cincinnati Stock Exchange, Incorporated ("CSE" or "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 CSE.<sup>2</sup> The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

### I. Self-Regulatory Organizations Statement of the Terms of Substance of the Proposed Rule Change

The Exchange hereby proposes to amend the schedule of fees set forth in Exchange Rule 11.1010. The text of the proposed rule change is below. Additions are in italics; deletions are bracketed.

*The Cincinnati Stock Exchange, Incorporated*

\* \* \* \* \*

#### Rule 11.10 National Securities Trading System Fees

##### A. Trading Fees

(a) Agency Transactions. As in the case for Preferred transactions, members acting as an agent will be charged the per share incremental rates as noted below for public agency transactions:

<i>Avg. daily share* volume</i>	<i>Charge per share (dollars)</i>
1 to 250,000 .....	[0.0020] <i>0.0015</i>
250,001 to 500,000 .....	[0.0015] <i>0.0013</i>
500,001 to 750,000 .....	[0.0013] <i>0.0009</i>
[1,000,001] <i>750,001 to 1,250,000</i> [1,500,001] .....	[0.0009] <i>0.0007</i>
1,250,001 to 1,750,000 .....	[0.0007] <i>0.0005</i>
1,750,001 and higher .....	<i>0</i>

\*Odd-lot Shares Excluded.

(b) No Change.

(c) *Agency Order Mix Fee. Agency limit orders shall be charged based on the percentage of public agency market order shares executed on the Exchange during the trading month, according to the following schedule:*

<i>Percent market order shares executed</i>	<i>Agency limit order mix fee (dollars)</i>
25 and higher .....	<i>No Charge</i>
20-24.99 .....	<i>.005 per share</i>
15-19.99 .....	<i>.01 per share</i>
10-14.99 .....	<i>.015 per share</i>
Less than 10 .....	<i>.02 per share</i>

(c)-(e) To be renumbered (d)-(f).

[(f) Maximum Trade Charge. The maximum charge per firm for any single transaction shall be \$150.00 except for crosses and meets.]

(g) Proprietary (principal) Transactions

(1) All Designated Dealers, except those acting as Preferred Dealers or Contributing Dealers, will be charged [\$0.005] *\$0.0025* per share ([\$.50] *\$0.25*/100 shares) for principal transactions [excluding] *including* ITS transactions, *with a maximum charge of \$3.75 per firm per side of transaction.* [Designated Dealers will be billed \$0.005 per share on outbound ITS trades and \$0.0000 per share on inbound ITS trades. All Designated Dealers' charges are subject to the minimum charges set forth in paragraph 5 below. Billable shares shall not exceed 650,000 shares times the

number of trading days in any given month.]

(2) Designated Dealers acting as "Dealer of the Day" will be charged [\$0.005] *\$0.0025* per share ([\$.50] *\$0.25*/100 shares) for principal transactions.

(3) Contributing Dealers will be charged \$0.02 per share (\$2.00/100 shares) for principal transactions.

(4) Members executing principal transactions in securities for which they are not registered as a Designated or Contributing Dealer will be charged \$0.02 per share (\$2.00/100 shares).

[(5) Designated Dealers (DD) shall have the following minimum average per share charge applied to their aggregate monthly DD transactions using the DD's average volume per trading day:

<sup>4</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1) (1988).