

as the Commission may designate up to 90 days of such date if it finds 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 such 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, including whether the proposal is consistent with the Act. 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 Room in Washington, D.C. Copies of such filing will also be available for inspection and copying at the principal office of the Amex. All submissions should refer to File No. SR-AMEX-98-10 and should be submitted by April 20, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹³

Margaret H. McFarland,
Deputy Secretary.

Exhibit A—American Stock Exchange, Inc.

Proposed Rule Change

It is proposed that the following Exchange rules be amended as set forth below. Additions are in italics; deletions are bracketed.

Rule 109. "STOPPING" STOCK

(a)–(d) No Change.

. . . Commentary

.01 Each "stopped" transaction shall be reported for printing on the tape in the form and manner prescribed by the Exchange.

[.02 Members entering market-at-the-close orders through the PER system

must do so no later than 3:50 p.m. The foregoing shall not limit or restrict the entry of market-at-the-close orders (or their cancellation) other than via such system.]

Rule 131. TYPES OF ORDERS

(a) through (d)—No change.

At the Close Order

(e) An at the close order is a market order which is to be executed at or as near to the close as practicable. *The term "at the close order" shall also include a limit order that is entered for execution at the closing price, on the Exchange, of the stock named in the order pursuant to such procedures as the Exchange may from time to time establish.*

(f) through (t)—No change.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39778; File No. SR-PCX-98-05]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Pacific Exchange, Inc. Relating to Book Execution Charges for Options Transactions

March 20, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act" or "Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on February 24, 1998, the Pacific Exchange, Inc. ("PCX" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. 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

The PCX is proposing to amend its Schedule of Fees and Charges by modifying its Book Execution Charges for options transactions.

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 self-regulatory organization 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 self-regulatory organization 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

Under the Exchange's Schedule of Fees and Charges, the Exchange currently charges its member firms for book execution³ based on a tiered structure. Accordingly, the amount of the book execution charge for a given option transaction currently depends upon the amount of the option premium⁴ and the number of the option contracts executed.

The Exchange is now proposing to eliminate its current tiered billing structure for options book executions and to replace it with a flat fee of \$0.45 per contract. The only exception to the flat fee is that the Exchange will continue to charge \$0.10 for accommodation/liquidation transactions.

The Exchange believes that the change to a \$0.45 flat fee will result in an overall reduction in rates charged to Exchange member firms for book executions. Accordingly, the purpose of the proposed rule change is to make the Exchange more competitive by reducing costs incurred by its customers in executing transaction on the Exchange, thus making the Exchange a more cost-effective market center to which to send order flow. The Exchange also believes that the change will make it easier for members and member firms to calculate their book execution charges.

This proposal is consistent with Section 6(b) of the Act, in general, and Section 6(b)(4), in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its members.

³ The term *book execution* refers to transactions executed by the Options Public Limit Order Book. See generally, PCX Rules 6.51-6.59.

⁴ The *premium* is the price of the option contract that the buyer of the option pays to the option writer for the rights conveyed by the option contract.

¹³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1) (1982).

² 17 CFR 240.19b-4 (1991).

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

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

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

Written comments on the proposed rule change were neither 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) of the Exchange Act and subparagraph (e) of Exchange Act Rule 19b-4 because it constitutes or changes a due, fee, or other charge imposed by the Exchange. At any time within 60 days of the filing of such proposed 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 Exchange Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. 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 Room, 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 PCX. All submissions should refer to File No. SR-PCX-98-05 and should be submitted by April 20, 1998.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39788; File No. 600-25]

Self-Regulatory Organizations; Participants Trust Company; Notice of Filing and Order Approving Application for Extension of Temporary Registration as a Clearing Agency

March 24, 1998.

On February 9, 1998, the Participants Trust Company ("PTC") filed¹ with the Securities and Exchange Commission ("Commission") a request pursuant to Section 19(a) of the Securities Exchange Act of 1934 ("Act")² for extension of its temporary registration as a clearing agency under Section 17A of the Act³ while the Commission completes its review of PTC's request for permanent registration.⁴ The Commission is publishing this notice and order to solicit comments from interested persons and to grant PTC's request for an extension of its temporary registration as a clearing agency through March 31, 1999.

On March 28, 1989, the Commission granted PTC's application for registration as a clearing agency pursuant to Sections 17A(b)(2) and 19(a) of the Act⁵ on a temporary basis for a period of one year.⁶ Subsequently, the Commission issued orders that extended PTC's temporary registration as a clearing agency with the last extending PTC's registration through March 31, 1998.⁷

As discussed in detail in the initial order granting PTC's temporary

registration,⁸ one of the primary reasons for PTC's registration was to allow it to develop depository facilities for mortgage-backed securities, particularly securities guaranteed by the Government National Mortgage Association. PTC's services include certificate safekeeping, book-entry deliveries, and other services related to the immobilization of securities certificates. Its participants include twenty-seven banks, twenty-three broker-dealers, two government-sponsored enterprises, and the Federal Reserve Bank of New York.

PTC continues to make significant progress in the areas of financial performance, regulatory commitments, and operational capabilities. For example, the original face value of securities on deposit at PTC as of December 31, 1997, totaled \$1.3 trillion, an increase of approximately \$130 billion over the amount on deposit as of December 31, 1996. Total pools on deposit, which were held at PTC in a total of 1.3 million participant positions, rose from 350,000 as of December 31, 1996, to more than 374,383 as of December 31, 1997. PTC declared a dividend of \$1.05 per share to stockholders of record on December 31, 1998.⁹

In connection with PTC's original temporary registration, PTC committed to the Commission and to the Federal Reserve Bank of New York ("FRBNY") to make a number of operational and procedural changes.¹⁰ During the past year, the FRBNY relieved PTC of the only commitment remaining outstanding, the commitment to make principal and interest advances

⁸ *Supra* note 6.

⁹ Securities Exchange Act Release No. 39509 (December 31, 1997), 63 FR 1523.

¹⁰ The operational and procedural changes PTC committed to make were:

- (1) eliminating trade reversals from PTC's procedures to cover a participant default;
- (2) phasing out the aggregate excess net debit limitation for extensions under the net debit monitoring level procedures;
- (3) making principal and interest advances, now mandatory, optional;
- (4) allowing participants to retrieve securities in the abeyance account and not allowing participants to reverse transfers because customers may not be able to fulfill financial obligations to the participants;
- (5) eliminating the deliverer's security interest and replacing it with a substitute;
- (6) reexamining PTC's account structure rules to make them consistent with PTC's lien procedures;
- (7) expanding and diversifying PTC's lines of credit;
- (8) assuring operational integrity by developing and constructing a back-up facility; and
- (9) reviewing PTC rules and procedures for consistency with current operations.

⁵ 17 CFR 200.30-3(a)(12).

¹ Letter from John J. Sceppe, President and Chief Executive Officer, PTC (February 9, 1998).

² 15 U.S.C. 78s(a).

³ 15 U.S.C. 78q-1.

⁴ On February 7, 1997, PTC filed an amended Form CA-1 with the Commission requesting permanent registration as a clearing agency under Section 17A of the Act. PTC's request is currently under review by the Commission.

⁵ 15 U.S.C. 78q-1(b)(2) and 78s(a).

⁶ Securities Exchange Act Release No. 26671 (March 28, 1989), 54 FR 13266.

⁷ Securities Exchange Act Release Nos. 27858 (March 28, 1990), 55 FR 12614; 29024 (March 28, 1991), 56 FR 13848; 30537 (April 9, 1992), 57 FR 12351; 32040 (March 23, 1993), 58 FR 16902; 33734 (March 8, 1994), 59 FR 11815; 35482 (March 13, 1995), 60 FR 14806; 37024 (March 26, 1996), 61 FR 14357; and 38452 (March 28, 1997), 62 FR 16638.