

timely manner, which should quickly prevent future violations. Members should not be prejudiced by the rule because their right of review by the BCC remains intact.

The proposed CBOE Rules 17.50(c)(2) and (d)(2) are also consistent with the disciplinary requirements of Section 6(b)(6). These provisions are amended to reflect the BCC's and the Appeals Committee's authority to review conduct and impose sanctions during a summary fine appeal. If the BCC or the Appeals Committee determines that a member's conduct is in violation of the Exchange rule alleged to have been violated, either appellate panel has the authority to impose sanctions even if the conduct does not rise to the level of triggering a summary fine. The Exchange explained that it believes these appellate panels have the authority to impose alternate sanctions even if the conduct does not reach the level to trigger a summary fine.¹⁴ The BCC and the Appeals Committee are, however, limited to reviewing the alleged conduct as it refers to the rule originally charged and appealed and to imposing sanctions for violations found of such rule. The Commission believes that these rules are designed to appropriately and fairly discipline members of violations of Exchange rules. The proposed rule change should ensure that members who repeatedly commit minor violations will not be able to avoid discipline. Moreover, the proposed rule protects members by limiting the appellate panel to review the member's conduct as it relates to violations of the rule originally charged and appealed.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁵ that the proposed rule change (SR-CBOE-98-33) is approved, as amended.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-2001 Filed 1-27-99; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40957; File No. SR-CBOE-98-53]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Inc. To Amend the Firm Quote Requirement

January 20, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on December 15, 1998, the Chicago Board Options Exchange, Inc. ("CBOE" 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 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

The Exchange proposes to amend its firm quote rule, Rule 8.51, and Interpretation and Policy .04 to Rule 6.8, to amend the firm quote requirement so that it is equal to the RAES contract limit applicable to that class of options. Rule 8.51 also will allow the appropriate Floor Procedure Committee ("FPC") to establish a different requirement for a particular class of options that is no less than the RAES contract limit and no more than fifty (50) contracts to enable the FPC to deal with specific circumstances of trading in a particular options class. For classes or series that are not traded on RAES, the appropriate FPC would be able to establish a firm quote requirement of between ten (10) and fifty (50) contracts. The text of the proposed rule change is available at the Office of the Secretary, CBOE and at the Commission.

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 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

1. Basis

The Exchange proposes to amend its firm quote requirement to allow the appropriate FPC to establish the requirement for each particular class of options. Generally, the firm quote requirement will be equal to the RAES contract limit applicable to that class of options. The firm quote requirement will apply at all times, except during a trading rotation, and obligates a trading crowd to sell (buy) the established number of contracts at the offer (bid) which is displayed when a buy (sell) customer order reaches the trading station where the particular option class is located for trading. Currently, paragraph (a)(2) of Rule 8.51 requires trading crowds to buy (sell) at least ten (10) contracts under these circumstances.

Because RAES is essentially a form of electronic firm quote, the Exchange believes that in most cases, the firm quote requirement should be no less than the RAES contract limit for a particular options class. In fact, in deciding to raise the firm quote requirement, the Exchange noted that the appropriate FPC responsible for setting the contract limit for RAES in particular option classes recently increased the RAES maximum contract size, such that in most cases the RAES contract limit is now higher than the firm quote requirement.² Additionally, the CBOE proposes to allow the appropriate FPC, in its discretion, to establish a different firm quote requirement for a particular class of options that is no less than the RAES contract limit and no more than fifty (50) contracts. This provision would enable the appropriate FPC to deal with the specific circumstances of trading in a particular option class. For classes or series that are not traded on RAES, the appropriate FPC would be able to establish a firm quote requirement of between ten (10) and fifty (50) contracts.³

² See Regulatory Circulars RG98-102, RG98-117, RG98-119.

³ The new firm quote requirement will remain in effect for that options class indefinitely or until the FPC changes it. The FPC meets once every two weeks. The discretion given by the proposed rule change is intended to enable the FPC to respond to general trading trends in a given options class. Phone call between Timothy Thompson, Director, Regulatory Affairs, Legal Department, CBOE, Sonia

Continued

¹⁴ See CBOE Rule 17.50(f), which provides that the Exchange may, whenever it determines that any violation is not minor in nature, proceed under CBOE Rule 17.2.

¹⁵ 15 U.S.C. 78s(b)(2).

¹⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

Exchange Rule 8.51 will continue to provide that the appropriate Market Performance Committee may determine the classes and series that will be subject to the requirements of the Rule. The CBOE also is amending Interpretation and Policy .06 to Rule 8.51 to clarify that the firm quote requirement for spreads and straddles applies only in equity options. The CBOE notes that issue was clearly stated in rule filing SR-CBOE-94-54 and in the Commission's order approving that filing.⁴ However, the rule language itself is not clear on this point. Thus, the CBOE is making this change to clarify in the rule text what was originally intended by that rule filing.

2. Statutory Basis

The Exchange believes that by raising the firm quote requirement, the proposed rule change will increase the liquidity of the affected option classes such that it is consistent with and furthers the objectives of Section 6(b) of the Act,⁵ in general, and furthers the objectives of Section 6(b)(5),⁶ in particular, in that it removes impediments to a free and open market and protects investors and the public interest.

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

The CBOE does not believe that the proposed rule change will impose any burden on competition.

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

The Exchange did not solicit or receive written comments with respect to the proposed rule change.

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

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such 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:

Patton, Attorney, Division of Market Regulation, Commission, and Constance Kiggins, Special Counsel, Division of Market Regulation, Commission, on January 6, 1999.

⁴ Securities Exchange Act Release No. 35785 (May 31, 1995), 60 FR 30125 (June 7, 1995).

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

(a) by order approve 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 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, in Washington, D.C. Copies of such filing will also be available for inspection and copying at the principal office of the CBOE. All submissions should refer to File No. SR-CBOE-98-53 and should be submitted by February 18, 1999.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-2002 Filed 1-27-99; 8:45 am]

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TENNESSEE VALLEY AUTHORITY

North Alabama Pipeline Crossing of the Tennessee River and Use of Transmission Line Right-of-Way, Cullman, Limestone, and Morgan Counties, Alabama

AGENCY: Tennessee Valley Authority (TVA).

ACTION: Record of Decision and Adoption of Final Environmental Impact Statement for the North Alabama Pipeline Project and the Final Supplement to the Final Environmental Impact Statement for the Amended North Alabama Pipeline Project prepared by the Federal Energy Regulatory Commission (FERC).

SUMMARY: This notice is provided in accordance with the Council on Environmental Quality (CEQ) regulations (40 CFR 1500 to 1508) and TVA procedures implementing the National Environmental Policy Act.

TVA has decided to concur with a right-of-way permit issued by the U.S. Fish and Wildlife Service (FWS) for crossing of the Wheeler National Wildlife Refuge in Limestone and Morgan Counties, Alabama. TVA also may have to make a decision on requests made by the Southern Natural Gas Company (hereinafter "Southern") for use of TVA's existing rights of way along the Trinity-Cullman and Huntsville-Decatur transmission lines in Cullman, Limestone, and Morgan Counties, Alabama. The environmental impacts of the North Alabama Pipeline Project were assessed in a 1997 Environmental Impact Statement (EIS) and 1998 Supplemental EIS prepared by FERC. TVA was a cooperating agency in the preparation of the above two EISs. Under 40 CFR 1506.3(c) of the CEQ Regulations, TVA has independently reviewed the two EISs prepared by the Federal Energy Regulatory Commission and found them to be adequate, and is herewith adopting them. TVA has also determined that the alternatives considered in the two EISs and the decisions based on them will fulfill the requirements of sections 101 and 102(1) of the National Environmental Policy Act.

FOR FURTHER INFORMATION CONTACT: Harold M. Draper, NEPA Specialist, Environmental Management, Tennessee Valley Authority, 400 West Summit Hill Drive, WT 8C, Knoxville, Tennessee 37902-1499; telephone (423) 632-6889 or e-mail hmdraper@tva.gov.

SUPPLEMENTARY INFORMATION:

Background

On January 25, 1996, Southern filed an application with FERC for a Certificate of Public Convenience and Necessity under the Natural Gas Act for authorization to construct, own, and operate a new natural gas pipeline between Tuscaloosa and Huntsville within the state of Alabama. The proposed pipeline would serve Huntsville (AL) Utilities, Decatur (AL) Utilities, Marshall County (AL) Gas District, Dekalb-Cherokee Counties (AL) Gas District, and Austell (GA) Gas System. Huntsville and Decatur would be new customers of Southern. In order to provide gas service to Huntsville, Southern needs to cross the Tennessee River on lands formerly owned by TVA and transferred to the U.S. Fish and Wildlife Service (FWS) for the Wheeler

⁷ 17 CFR 200.30-3(a)(12).