

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>11</sup>

Margaret H. McFarland,  
Deputy Secretary.

[FR Doc. 96-29611 Filed 11-19-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37947; File No. SR-CHX-96-26]

**Self-Regulatory Organizations;  
Chicago Stock Exchange, Inc.; Notice  
of Filing of Proposed Rule Change and  
Amendment No. 1 to Proposed Rule  
Change Relating to Enhanced  
SuperMAX and Timed Enhanced  
SuperMAX**

November 13, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> notice is hereby given that on October 9, 1996, the Chicago Stock Exchange, Incorporated ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change and an amendment<sup>2</sup> to 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**

Pursuant to Rule 19b-4 of the Act<sup>3</sup> the Exchange requests permanent approval of its Enhanced SuperMAX and Timed Enhanced SuperMAX pilot program, located in subsections (e) and (f) of Rule 37 of Article XX.

**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 CHX 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 CHX 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. Purpose**

On May 22, 1995, the Commission approved a proposed rule change of the CHX that allows specialists on the Exchange, through the Exchange's MAX system, to provide order execution guarantees that are more favorable than those required under CHX Rule 37(a), Article XX.<sup>4</sup> That approval order contemplated that the CHX would file with the Commission specific modifications to the parameters of MAX that are required to implement various options available under this new rule.

On July 27, 1995, the Commission approved a proposed rule change of the CHX that implemented two options available under this new rule.<sup>5</sup> These two new options, Enhanced SuperMAX and Timed Enhanced SuperMAX were approved on a pilot basis until July 31, 1996. The Commission extended the pilot program until December 31, 1996 and requested that the CHX provide a report to the Commission, by August 31, 1996,<sup>6</sup> describing its experience with the pilot program. On August 30, 1996, the CHX submitted the report.

The purpose of the proposed rule change is to request permanent approval of the pilot program. As stated above, the two options available in the pilot program are Enhanced SuperMAX and Timed Enhanced SuperMAX. Enhanced SuperMAX is merely a reactivation of the Exchange's Enhanced SuperMAX program, a program originally approved by the Commission on a pilot basis in 1991.<sup>7</sup> The proposed Enhanced SuperMAX program differs from the original pilot program approved in 1991 in that it is available starting at 8:45 a.m. instead of 9:00 a.m. This program also differs from the Exchange's SuperMAX program in that under this program, certain orders are "stopped" at the consolidated best bid or offer and are executed with reference to the *next* primary market sale instead of the previous primary market sale. Timed

Enhanced SuperMAX is a slight variation on the Enhanced SuperMAX program. It executes orders in the same manner as the Enhanced SuperMAX program except that if there are no executions in the primary market after the order has been stopped for a designated time period, the order is executed at the stopped price at the end of such period. Such period, known as a time out period, is pre-selected by a specialist on a stock-by-stock basis based on the size of the order, may be changed by a specialist no more frequently than once a month, and may be no less than 30 seconds.

**2. Statutory Basis**

The proposed rule change is consistent with Section 6(b)(5) of the Act in that it is designed to promote just and equitable principles of trade, to remove impediments and to perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

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

The Exchange does not believe that the proposed rule change will impose a burden on competition.

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

Written comments were neither solicited nor received with respect to the proposed rule change.

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

Within 15 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:

(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. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W.,

<sup>11</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> On November 8, 1996 the CHX submitted an amendment ("Amendment No. 1") to the proposed rule change. Letter from David Rusoff, Esq., Foley & Lardner, to Janet W. Russell-Hunter, Special Counsel, Division of Market Regulation, Commission, dated November 7, 1996. In Amendment No. 1, the CHX replaced the text of the proposed rule change originally filed with rule text changed to reflect previously inadvertently omitted language.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> See Securities Exchange Act Release No. 35753 (May 22, 1995), 60 FR 28007.

<sup>5</sup> See Securities Exchange Act Release No. 36027 (July 27, 1995), 60 FR 39465.

<sup>6</sup> See Securities Exchange Act Release No. 37491 (July 29, 1996), 61 FR 40690.

<sup>7</sup> See Securities Exchange Act Release No. 30058 (December 10, 1991), 56 FR 65765.

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 at the Commission's Public Reference Section, 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 Exchange. All submissions should refer to File No. SR-CHX-96-26 and should be submitted by December 11, 1996.

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

Margaret H. McFarland,  
*Deputy Secretary.*

[FR Doc. 96-29614 Filed 11-19-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37944; International Series Release No. 1027; File No. SR-PHLX-96-45]

**Self-Regulatory Organizations;  
Philadelphia Stock Exchange,  
Incorporated; Notice of Filing of  
Proposed Rule Change Relating to  
Minimum Transaction Size for  
Customized Foreign Currency Options**

November 13, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> Notice is hereby given that on November 1, 1996, the Philadelphia Stock Exchange, Inc. ("PHLX" or "Exchange") filed with the Securities

and Exchange Commission ("SEC" or "Commission") 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 PHLX, pursuant to Rule 19b-4 of the Act,<sup>2</sup> proposes to amend Exchange Rule 1069(a) to revise the minimum opening and closing transaction size and responsive quotation size for customized foreign currency options from 100 to 50 contracts.

**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**

**1. Purpose**

On November 1, 1994, the Commission approved the Exchange's proposal to trade customized foreign currency options.<sup>3</sup> Users now have the

ability to customize the strike price and quotation method and choose any underlying and base currency combination out of all Exchange listed currencies including the U.S. dollar. The product was introduced to attract institutional customers who like the flexibility and variety offered in the over-the-counter market but would prefer the benefits attributed to an exchange auction market to hedge their exchange rate risks.

The Exchange originally instituted a 300 contract minimum opening transaction size pursuant to Rule 1069(a)(6). A number of mid-sized corporations and institutions then told the Exchange that the contract value was too large for their purposes. They believed that customized currency options would fill a market need for them, but that the opening transaction size was prohibitive. The Exchange, thus, determined to reduce the transaction size in stages. In March of 1995, the Exchange reduced the size of an opening transaction to 200 contracts<sup>4</sup> and then reduced it further to 100 contracts in August of that year.<sup>5</sup> That size, however, still remains too large for a significant segment of medium sized corporations, especially those that are located in Canada and the Pacific basin. Those companies would like the opportunity to hedge their currency risk using an exchange traded customized option contract in a cost-effective manner. Therefore, the Exchange now proposed to reduce the minimum opening transaction size to 50 contracts which would still allow for an average minimum transaction value of between \$2 and \$3 million as shown below.

<sup>4</sup> Securities Exchange Act Release No. 35464 (March 9, 1995), 60 FR 14043.

<sup>5</sup> Securities Exchange Act Release No. 36176 (August 31, 1995), 60 FR 46879.

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Securities Exchange Act Release No. 34925 (November 1, 1994), 59 FR 55720.

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