

The Commission also believes that the amendment to commentary .10 to Rule 481, requiring the retention of telemarketing scripts for a period of three years is appropriate. By requiring the retention of telemarketing scripts for three years, the commentary to Rule 481 assists in the prevention of fraudulent and manipulative acts and practices and provides for the protection of the public in that interested parties will have the ability to acquire copies of the scripts used to solicit the purchase of securities to ensure that members and associated persons are not engaged in unacceptable telemarketing practices.

Finally, the Commission believes that the proposed rule achieves a reasonable balance between the Commission's interest in preventing members from engaging in deceptive and abusive telemarketing acts and the members' interest in conducting legitimate telemarketing practices.

The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice thereof in the **Federal Register**. The proposal is identical to the NASD and MSRB rules, which were published for comment and, subsequently, approved by the Commission. The approval of the Amex's rules and commentary provides a consistent standard across the industry. In that regard, the Commission believes that granting accelerated approval of the proposal rule change is appropriate and consistent with Section 6 of the Act.

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., 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 Room. Copies of the filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-Amex-97-17 and should be submitted by July 7, 1997.

V. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

It Is Therefore Ordered, pursuant to Section 19(b)(2) of the Act,¹⁷ that the proposed rule change (SR-Amex-97-17) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁸

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38723; File No. SR-CBOE-97-24]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 by the Chicago Board Options Exchange, Incorporated Relating to a Reduction of the Quorum Requirements in Uncontested Elections

June 6, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 21, 1997, the Chicago Board Options Exchange, Incorporated ("CBOE" 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 CBOE. On June 4, 1997, the CBOE submitted Amendment No. 1 to the proposed rule change.³ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The CBOE proposes to amend its Constitution to reduce the quorum required in uncontested elections from a majority to one-third ($\frac{1}{3}$) of the members entitled to vote. The Exchange is also making a change to clarify Section 3.7 of the Constitution. The text of the proposed amendment to the

Constitution 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, Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange is proposing to reduce the quorum requirement in uncontested elections by revising Section 3.6 of the Exchange's Constitution, thereby increasing the efficiency of Exchange elections when an election is uncontested. The Exchange also proposes to revise Section 3.7 of the Constitution to make it clear that this Section governs voting by members on issues other than elections. The quorum requirement will remain a majority of the members entitled to vote on issues arising pursuant to Section 3.7.

The Exchange conducts an annual election and special meetings of its membership.⁴ Currently, at all meetings of Exchange members, including elections, a majority of the membership entitled to vote constitutes a quorum. The Exchange is proposing to reduce the quorum requirement, in uncontested elections only, from a majority to one-third of the members entitled to vote.⁵ Uncontested elections are elections in which each candidate is running for office unopposed. If any candidate for office is opposed, the entire election

⁴ At annual election meetings, the CBOE membership votes for a slate of candidates proposed by the Nominating Committee for expiring terms and vacancies on the Board of Directors and certain other Exchange Committees, such as the Nominating and Modified Trading System Committees.

⁵ In connection with the proposed amendment to the Constitution, the Election Committee stated that its policy under the reduced quorum proposal, if approved, would be to collect ballots and proxies in-person for three trading sessions prior to any meeting at which a vote would be conducted. Any change to this Election Committee policy would need to be approved by the Board of Directors and submitted to the Commission pursuant to Rule 19b-4.

¹⁷ 15 U.S.C. § 78s(b)(2).

¹⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. § 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Letter from Debora E. Barnes, Senior Attorney, CBOE, to Debra Flynn, Attorney, SEC (June 3, 1997). In Amendment No. 1, the CBOE replaced all references to "Constitution" change with "Rule" change, clarified the definition of "uncontested elections" by deleting the phrase "for example," and clarified the language in Sections 3.6 and 3.7 of the Constitution.

would be considered contested, and would require a majority for a quorum.

The Exchange notes that, in certain uncontested elections, it has taken a considerable amount of time to obtain a quorum under the current majority requirement. As a result, significant Exchange staff time and resources were expended in order to obtain a quorum. The Exchange believes that the proposed rule change, as amended, will maximize the use of Exchange resources and provide an incentive for members to vote earlier.

2. Statutory Basis

The Exchange believes that reducing the quorum required in uncontested elections to one-third of the members entitled to vote will improve the efficiency of the CBOE election process as well as the allocation of CBOE resources. As such, the Exchange believes that the Constitution proposal is consistent with and furthers the objectives of Section 6(b)(5) of the Act⁶ in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and to protect 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, as amended, 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 CBOE membership voted on the quorum reduction at the Annual Election Meeting held on December 11, 1996. The proposed rule change was approved by the CBOE membership by a vote of 637 for, 73 against and 15 abstained.

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:

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., 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 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 CBOE. All submissions should refer to File No. SR-CBOE-97-24 and should be submitted by July 7, 1997.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38725; File No. SR-CBOE-97-21]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Incorporated Relating to Membership Application Submission Deadlines

June 6, 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, Incorporated ("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 CBOE proposes 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, which in no event will exceed 90 days prior to the date that the application will be considered for approval.

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 parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

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. The Membership Committee's present practice is to hold this meeting 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.

The Exchange has found that the current application submission deadline makes it extremely difficult for the Exchange to complete the processing of certain types of membership

⁶ 15 U.S.C. 78f(b)(5).

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. § 78s(b)(1) (1988).