

the procedure specified in 17 CFR 150.23, and pursuant to the order of the Commission with respect to such declaration under the applicable provisions of the Act. The information is essential to Commission administration of Section 12(d) of the Act and is not otherwise available. The Commission analyzes the information to determine if the proposed sale is consistent with the public interest. The rule imposes a burden of about 72 hours each year on three respondents, each of which makes one submission. There is no requirements for record retention under this rule and the submissions are not kept confidential.

Rule 62 [17 CFR 250.62] prohibits the solicitation of authorization regarding any security of a regulated company in connection with reorganization subject to Commission approval or regarding any transaction which is the subject of an application or declaration, except pursuant to a declaration regarding the solicitation which has become effective. The information is necessary to permit the Commission to adequately enforce Sections 12(e) and 11(g) of the Act. The rule and form U-R-1 [17 CFR 259.221] impose a total annual burden of 50 hours on ten companies, who each spend five hours, and file once annually. There is a three year record retention under this rule and the submission are not kept confidential.

Rule 88 [17 CFR 250.88] requires the filing of Form U-13-1 [17 CFR 259.113] for a mutual or subsidiary service company performing services for affiliate companies of a holding company system. Eighteen respondents initially spend a total of approximately 36 hours meeting this requirement. Thereafter, there is no annual burden. Service companies filing under this rule are required to retain records for a period of ten years, and the provision of the information is mandatory. The retention time period allows the Commission the opportunity to perform its audit functions. Responses are not kept confidential.

Rule 95 [17 CFR 250.95] requires service companies to file reports on Form U-13E-1 [17 CFR 259.213] with the Commission prior to their performance of contracts for registered holding companies or their subsidiaries, for services, construction, or sales of goods. The Commission requires this information to enforce the provisions of Section 13(e) and Section 13(f) of the Act. The enforcement of these statutes would be compromised without the collection of this information, which is not available from other sources. Companies that file under this rule are required to retain records for a period of

six years, and the provision of this information is required. The retention period allows the Commission to perform its audit functions. One company meets this requirement on an annual basis with an estimated average burden of two hours. This information is not kept confidential.

Form U-7D [17 CFR 259.404] establishes the filing company's right to the exemption authorized for financing entities holding title to utility assets leased to a utility company. The information is necessary for the Commission to determine whether a company is exempt from, or governed by, the Act. The form imposes a total annual burden of 126 hours on 42 respondents, who each spend three hours annually preparing and filing one response. Companies filing under this rule are required to retain records for a period of ten years, and the provisions of the information is mandatory. The retention time period allows the Commission the opportunity to perform its audit functions, and generally coincides with companies' obligation period under their respective leases. Responses are not kept confidential.

The estimates of average burden hours are made for the purposes of the Paperwork Reduction Act and are not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms.

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, N.W. Washington, DC 20549.

Dated: June 16, 1997.

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38778; File No. SR-BSE-97-01]

Self-Regulatory Organizations; Boston Stock Exchange; Order Approving Proposed Rule Change Amending the Minor Rule Violation Plan

June 26, 1997.

I. Introduction

On May 13, 1997, the Boston Stock Exchange, Inc., ("BSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder² a proposed rule change relating to amendments to the Minor Rule Violation Plan. The proposed rule change was published for comment in Securities Exchange Act Release No. 38656 (May 20, 1997), 62 FR 28913 (May 28, 1997). The Commission received no comments on the proposal.

II. Description of the Proposal

BSE is amending its Minor Rule Violation Plan to add or increase summary fine provisions for carrying weapons, fighting on the Exchange premises, and failure to comply with Floor Official rulings.

The Exchange first proposes to increase the summary fine for possession of a firearm or other weapon on the Exchange premises from \$2500 for any offense to \$5000 for any offense.

The Exchange seeks to add a summary fine provision for unauthorized physical contact with the intent to cause harm or intimidate another on the Exchange premises, with summary fines of \$500 for the first offense, \$1000 for the second offense, and \$2500 for subsequent offenses. The corresponding rule provision is Article XIV, Section 5 of the Exchange Constitution.

The Exchange also seeks to add a summary fine provision for failure to comply with an appealed Floor Official ruling that stands.³

Finally, the Exchange seeks to amend the rule provision regarding appeals to summary fines to require filing with the Office of the General Counsel, rather than with the Surveillance Department, in an effort to provide a more efficient coordination of the appeal process.

The Exchange believes that the proposal is consistent with Section

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ On June 18, 1997, the Exchange filed SR-BSE-97-03 seeking to amend the corresponding rule provision relating to Floor Officials.

6(b)(5) of the Act,⁴ in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and in general, to protect investors and the public interest; and is not designed to permit unfair discrimination between customer, issuers, brokers, or dealers.

III. Discussion

The Commission believes BSE's proposed rule change is consistent with section 6(b)(5) of the Act.⁵ Section 6(b)(5) requires, among other things, that the rules of an exchange be designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to perfect the mechanism of a free and open national market system, and, in general, to further investor protection and the public interest.⁶

BSE is proposing to increase the fines for possession of a firearm or other weapon on the Exchange premises. The Commission believes that implementing such fines should serve as an effective deterrent against possessing weapons on the Exchange premises, thereby ensuring the safety of Exchange members, staff and guests. Similarly, the Commission believes the addition of a summary fine provision for unauthorized physical contact on the Exchange premises is appropriate as it should deter such contacts and prevent member disputes from escalating to a physical confrontation, again ensuring the safety of those present on the Exchange floor.

The Commission believes the addition of a summary fine provision for failure to comply with an appealed Floor Official ruling that stands, is appropriate as it will ensure that rule interpretations and execution quality issues on which Floor Officials are asked to making rulings are addressed in a timely manner for the benefit of the customer.

Finally, the Commission believes an amendment requiring that appeals to summary fines be filed with the Office of the General Counsel is appropriate as

it will provide more efficient coordination of the appeal process, thereby furthering investor protection and the public interest.

IV. Conclusion

For the foregoing reasons, the Commission finds that the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the BSE, and in particular Section 6(b)(5).

It is therefore Ordered, pursuant to Section 19(b)(2) of the Act,⁷ that the proposed rule change (File No. SR-BSE-97-01) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁸

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38782; File No. SR-CBOE-97-15]

Self-Regulatory Organizations; Chicago Board Options Exchange, Inc.; Order Approving Proposed Rule Change and Amendment No. 1 Thereto Relating to OEX-SPX Spread Orders, and Notice of Filing and Order Granting Accelerated Approval to Amendment No. 2 to the Proposed Rule Change

June 26, 1997.

I. Introduction

On March 4, 1997, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to establish a rule to facilitate the transaction of spread orders between S&P 500 Index options ("SPX") and S&P 100 Index options ("OEX"). On May 15, 1997, CBOE submitted an amendment ("Amendment No. 1") to the proposed rule change.³ On June 13, 1997, CBOE

submitted a second amendment ("Amendment No. 2") to clarify textual language regarding how the rule operates.⁴

The proposed rule change and Amendment No. 1 thereto was published for comment in Securities Exchange Act Release No. 38650 (May 16, 1997), 62 FR 28525 (May 23, 1997). No comments were received on the proposal. This order approves the proposed rule change and Amendment No. 1 thereto, and accelerates approval of Amendment No. 2.

II. Description of the Proposal

Exchange Rule 6.45 establishes the rules of priority for bids and offers. Generally, the highest bid and the lowest offer shall have priority, with certain designated exceptions. Rule 6.45(d) provides one such exception to the rule for members holding a spread, straddle or combination order and bidding or offering in a multiple of $\frac{1}{16}$. The exception, however, is limited to spread orders involving the same class of options. Accordingly, members seeking to execute OEX-SPX spread orders ("spread orders" or "orders"), which involve two different classes of options, currently must execute individual legs of the transaction at two different trading posts. Because OEX-SPX orders cannot be quoted at one price and traded at the same post, market participants wishing to trade such options face a risk that the market will move in the time it takes to execute the second leg of the order at the other trading post.

The Exchange proposes to add new Rule 24.18 ("Rule") to facilitate the transaction of OEX-SPX spread orders. Paragraph (a) of the Rule defines an OEX-SPX spread order as an order to buy a stated number of OEX (SPX) contracts and to sell an equal number of OEX (SPX) contracts. Paragraph (b) of the Rule sets forth the procedures to be followed in representing and filling an OEX-SPX spread order. An OEX-SPX spread order may be represented initially at either the OEX or SPX trading post. The trading post where the order is first represented will be the "primary trading station" for purposes of the Rule. Immediately after the order is represented at the primary trading station, or concurrent with the announcement of such order, the

⁴ Amendment No. 2 clarified that no leg of a spread order can trade at a price outside currently displayed bids or offers or bids or offers in the customer limit order book. See Letter from Timothy Thompson, Senior Attorney, CBOE, to Elaine Darroch, Attorney, Division of Market Regulation, Securities and Exchange Commission (June 12, 1997).

⁴ 15 U.S.C. 78f(b)(5).

⁵ 15 U.S.C. 78f(b)(5).

⁶ In approving this rule, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁷ 15 U.S.C. 78s(b)(2).

⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ In Amendment No. 1, the CBOE revised the proposed language of Rule 24.18 to better reflect the intent of the proposal and provide additional justification for the proposal. See Letter from Timothy Thompson, Senior Attorney, CBOE, to Elaine Darroch, Attorney, Division of Market Regulation, Securities and Exchange Commission (May 14, 1997).