

The Commission also believes that the proposed rule change provides a fair procedure to members who apply for membership or to change their membership status because the Membership Committee must establish submission deadlines that are not in excess of 90 days prior to the date that such an application will be considered for approval. Furthermore, the Membership Committee will provide adequate notice of the particular submission deadlines to its membership. The Membership Committee will not alter any membership application submission deadline without first giving at least 60 days prior notice in the form of a regulatory circular that a new deadline will be going into effect. The Membership Committee will disseminate these submission deadlines in a regulatory circular published in the Exchange's Regulatory Bulletin and will include the regulatory circular in the membership information packets provided to prospective membership applicants.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the

proposed rule change, SR-CBOE-97-21, be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁴

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38842; File No. SR-CSE-97-08]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Cincinnati Stock Exchange, Inc., Relating to Transaction Fees

July 16, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on July 15, 1997, The Cincinnati Stock Exchange, Incorporated ("CSE" 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 CSE.² The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organizations Statement of the Terms of Substance of the Proposed Rule Change

The Exchange hereby proposes to amend the schedule of fees set forth in Exchange Rule 11.1010. The text of the proposed rule change is below. Additions are in *italics*; deletions are bracketed.

The Cincinnati Stock Exchange, Incorporated

* * * * *

Rule 11.10 National Securities Trading System Fees

A. Trading Fees

(a) Agency Transactions. As in the case for Preferred transactions, members acting as an agent will be charged the per share incremental rates as noted below for public agency transactions:

<i>Avg. daily share* volume</i>	<i>Charge per share (dollars)</i>
1 to 250,000	[0.0020] <i>0.0015</i>
250,001 to 500,000	[0.0015] <i>0.0013</i>
500,001 to 750,000	[0.0013] <i>0.0009</i>
[1,000,001] <i>750,001 to 1,250,000</i> [1,500,001]	[0.0009] <i>0.0007</i>
1,250,001 to 1,750,000	[0.0007] <i>0.0005</i>
1,750,001 and higher	<i>0</i>

*Odd-lot Shares Excluded.

(b) No Change.

(c) *Agency Order Mix Fee. Agency limit orders shall be charged based on the percentage of public agency market order shares executed on the Exchange during the trading month, according to the following schedule:*

<i>Percent market order shares executed</i>	<i>Agency limit order mix fee (dollars)</i>
25 and higher	No Charge
20-24.99005 per share
15-19.9901 per share
10-14.99015 per share
Less than 1002 per share

(c)-(e) To be renumbered (d)-(f).

[(f) Maximum Trade Charge. The maximum charge per firm for any single transaction shall be \$150.00 except for crosses and meets.]

(g) Proprietary (principal) Transactions

(1) All Designated Dealers, except those acting as Preferred Dealers or Contributing Dealers, will be charged [\$0.005] *\$0.0025* per share ([\$.50] *\$0.25*/100 shares) for principal transactions [excluding] *including* ITS transactions, *with a maximum charge of \$3.75 per firm per side of transaction.* [Designated Dealers will be billed \$0.005 per share on outbound ITS trades and \$0.0000 per share on inbound ITS trades. All Designated Dealers' charges are subject to the minimum charges set forth in paragraph 5 below. Billable shares shall not exceed 650,000 shares times the

number of trading days in any given month.]

(2) Designated Dealers acting as "Dealer of the Day" will be charged [\$0.005] *\$0.0025* per share ([\$.50] *\$0.25*/100 shares) for principal transactions.

(3) Contributing Dealers will be charged \$0.02 per share (\$2.00/100 shares) for principal transactions.

(4) Members executing principal transactions in securities for which they are not registered as a Designated or Contributing Dealer will be charged \$0.02 per share (\$2.00/100 shares).

[(5) Designated Dealers (DD) shall have the following minimum average per share charge applied to their aggregate monthly DD transactions using the DD's average volume per trading day:

⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1) (1988).

Designated dealer's average share volume per day	Per share minimum charge (dollars)
1 to 2,000,000	0.0038
2,000,001 and higher	0.0030]

(h) **Preferred Transactions.** Designated Dealers that are preferencing transactions are charged for one side of their preferred transactions and are subject to the incremental rates as noted below:

Avg. daily share* volume	Charge per share (dollars)
1 to 250,000	[\$0.0020] \$0.0015
250,001 to 500,000	[\$0.0015] \$0.0013
500,001 to 750,000	[\$0.0013] \$0.0009
[1,000,001] 750,001 to 1,250,001 [1,500,001]	[\$0.0009] \$0.0007
1,250,001 to 1,750,000 ...	[\$0.0007] \$0.0005
1,750,001 and higher	0

*Odd-Lot Shares Excluded.

(i)-(n) No Change.
B. Membership Fees.
No Change.

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 CSE 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 CSE 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

(1) **Purpose.** The Exchange is changing its fee schedule as part of its annual budget process. The Exchange's transaction fees have been reduced in order to retain CSE's position as the low-cost provider of exchange services. In addition, the Exchange's fees have been revised in light of recent changes in the National Market System. Specifically, the Commission's new limit order display rule, in conjunction with evolving payment for order flow practices, recent changes to the minimum trading increment and heightened systems demands caused by these changes have led the Exchange to impose an order mix charge which will ensure that the Exchange receives a typical industry mix of market and limit orders.

(2) **Basis.** The Exchange believes that proposed rule change is consistent with Section 6(b) of the Act, in general, and furthers the objectives of Section 6(b)(4), in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among the Exchange's members and other persons using its facilities. Specifically, the proposed rule change will reduce transaction fees on the Exchange, thereby reducing members' costs. The Exchange believes that these changes will benefit the investing public as members pass these savings along to their customers. In addition, 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 by helping to ensure that the Exchange receives a typical mix of market and limit orders.

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

The CSE 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

No written comments were solicited or received with respect to the proposed rule change.

III. Date Of Effectiveness Of The Proposed Rule Change and Timing For Commission Action

The Exchange has designated this proposal as establishing or changing a due, fee or other charge under Section 19(b)(3)(A) of the Act³ and subparagraph (e) of Rule 19b-4,⁴ which renders the proposed rule change effective on July 15, 1997, the date of receipt of this filing by the Commission.

At any time within sixty days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary to appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes 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, NW., Washington, DC 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. Copies of such filing will also be available for inspection and copying at the principal office of the CSE. All submissions should refer to File No. SR-CSE-97-08 and should be submitted by August 12, 1997.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-19194 Filed 7-21-97; 8:45 am]

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SMALL BUSINESS ADMINISTRATION

Specialized Small Business Investment Companies

AGENCY: Small Business Administration.
ACTION: Notice.

SUMMARY: The Small Business Administration (SBA) implemented its 3% Preferred Stock Repurchase Program, effective April 1, 1994, for Small Business Investment Companies licensed under the former section 301(d) of the Small Business Investment Act (Specialized SBICs or SSBICs). This notice is to extend the period of availability of the Repurchase Program.

DATES: This Notice is effective on July 22, 1997. Written comments on this notice must be received no later than August 21, 1997.

ADDRESSES: Written comments should be sent to Don A. Christensen, Associate Administrator for Investment, U.S. Small Business Administration, Suite 6300, 409 Third Street, S.W., Washington, DC 20416. Copies of the April 1, 1994, Notice implementing the Repurchase Program and SBA Policy and Procedural Release #2021 are available upon request.

FOR FURTHER INFORMATION CONTACT: Ronald C. Cibolski, Director, Office of SBIC Operations, Investment Division; telephone (202) 205-6519.

² The proposed rule change was originally submitted on June 27, 1997.

³ 15 U.S.C. § 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(e) (1991).