

**SECURITIES AND EXCHANGE
COMMISSION**

[File No. 1-10647]

**Issuer Delisting; Notice of Application
to Withdraw from Listing and
Registration; (Precision Optics
Corporation, Inc., Common Stock,
\$0.01 Par Value)**

September 19, 1997.

Precision Optics Corporation, Inc. ("Company") has filed an application with Securities and Exchange Commission ("Commission"), pursuant to Section 12(d) of the Securities Exchange Act of 1934 ("Act") and Rule 12d2-2(d) promulgated thereunder, to withdraw the above specified security ("Security") from listing and registration on the Boston Stock Exchange, Inc. ("BSE" or "Exchange").

The reasons cited in the application for withdrawing the Security from listing and registration include the following:

The Company is filing this application because its Board of Directors has determined that continued listing on the Exchange is unnecessary in light of the listing of the Security on the Nasdaq SmallCap Market. The Company's experience with Nasdaq has been positive and the Company wishes to avoid the incremental expenses and administrative responsibilities associated with continued listing on the Exchange.

The Company has notified the Exchange of its intention to withdraw its Security from listing on the Exchange. By letter dated August 12, 1997, the BSE indicated that it did not object to the Company's filing of this application with the Commission.

Any interested person may, on or before October 10, 1997, submit by letter to the Secretary of the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, facts bearing upon whether the application has been made in accordance with the rules of the exchange and what terms, if any, should be imposed by the Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application after the date mentioned above, unless the Commission determines to order a hearing on the matters.

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

Jonathan G. Katz,
Secretary.

[FR Doc. 97-25464 Filed 9-24-97; 8:45 am]

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**SECURITIES AND EXCHANGE
COMMISSION**

[Release No. 34-39092; File No. SR-CBOE-97-44]

**Self-Regulatory Organizations; Notice
of Filing and Immediate Effectiveness
of Proposed Rule Change by the
Chicago Board Options Exchange
Relating to Certain Rules Governing
the Trading of Options on the DJIA**

September 18, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on September 8, 1997,¹ 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 self-regulatory organization. The Exchange has designated the proposed rule change as constituting a "non-controversial" rule change under paragraph (e)(6) of Rule 19b-4 under the act.² The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons. CBOE has requested that the Commission accelerate the operative date for the proposed rule change for good cause.³

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

The CBOE proposes to amend certain of its rules governing trading with respect to the trading of options on the Dow Jones Industrial Average ("DJIA").⁴ The text of the proposed rule change is

¹ CBOE filed Amendment No. 1 to the proposed rule change requesting that the Commission accelerate the operative date of the filing for good cause shown to October 6, 1997. See letter from Timothy H. Thompson, Senior Attorney, CBOE, to Heather Seidel, Attorney, Market Regulation, Commission, dated September 12, 1997.

² The Exchange has represented that this proposed rule change: (i) Will not significantly affect the protection of investors or the public interest; (ii) will not impose any significant burden on competition; and (iii) will not become operative for 30 days after the date of this filing, unless an earlier operative date is designated by the Commission for good cause shown. The Exchange also has provided at least five business days notice to the Commission of its intent to file this proposed rule change, as required by Rule 19b-4(e)(6) under the Act.

³ See *supra* note 1.

⁴ The Commission recently approved a CBOE rule filing to list and trade options on the DJIA. See Securities Exchange Act Release No. 39011 (September 3, 1997), 62 FR 47840 (September 11, 1997) (File No. SR-CBOE-97-26).

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 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**

The Exchange is proposing to amend certain Exchange rules governing trading with respect to the trading of options on the DJIA (trading under the symbol "DJX"). In each case, the Exchange is proposing to provide comparable treatment for options on the DJIA to that existing for other broad-based indexes with wide retail investor interest, *i.e.*, options on the Standard & Poor's ("S&P") 100 Stock Index ("OEX") and options on the S&P 500 Stock Index ("SPX").

First, the Exchange is proposing to amend Interpretation .08 to Rule 6.20 to permit members of a floor procedure committee which has been delegated responsibility for overseeing the trading of options on the DJIA to act as Floor Officials. Currently, the interpretation permits members of the Index Floor Procedures Committee to act as Floor Officials in the OEX and SPX trading crowds only. At this time, the Exchange has not decided which committee will be delegated responsibility for options on the DJIA, but the Exchange expects the trading crowd to be large and to develop its unique trading protocols. Therefore, the rationale for allowing committee members to act as Floor Officials, *i.e.*, these members will be familiar with the particular trading protocols in the trading crowd governing those options, applies equally to options on the DJIA. The interpretation will also change the reference to the "Index Floor Procedure Committee" to the "applicable Floor Procedure Committee" because it has not yet been decided which committee will have jurisdiction over options on the DJIA and because the Index Floor

Procedure Committee has been divided into the OEX Floor Procedure Committee and the SPX Floor Procedure Committee. The Exchange may decide to delegate responsibility for overseeing the trading in options on the DJIA to an existing Floor Procedure Committee (such as the OEX Floor Procedure Committee) or it might create a new Floor Procedure Committee that is responsible for overseeing trading on options on the DJIA alone. The Exchange also may decide to create one Committee responsible for all broad-based index options which would replace the OEX Floor Procedure Committee and the SPX Floor Procedure Committee.

Second, the Exchange is proposing to exempt DJX from the requirement that the use of hand signals to convey order information must be followed in written form and time stamped immediately after the signal has been sent. Currently, Interpretation .02 to Rule 6.24 exempts options on the OEX and the SPX from this requirement. Because the Exchange expects trading in DJX to be in a large pit with an active order flow, the Exchange believes it is appropriate to exempt DJX from this requirement as well.

Third, the Exchange wants to provide for the possibility of using Lead Market-Makers ("LMMs") in the DJX crowd as it uses LMMs in the OEX crowd during opening rotations. Due to the size of the OEX trading crowd and the large number of series traded in the crowd, the Exchange has found that the use of a modified opening rotation whereby LMMs are assigned to open particular series has allowed the OEX trading crowd to conduct opening rotations more quickly (and thus, enter into open trading more quickly). The Exchange believes that the LMM system should be available for use by the DJX crowd because the Exchange expects the DJX crowd to be similar in size to the OEX crowd and expects a large number of series to trade in DJX. In addition, the Exchange is proposing to change the LMM rule to specify that the "appropriate Market Performance Committee," rather than the "Market Performance Committee," may assign LMMs because the Exchange has not yet decided which Market Performance Committee will have responsibility for overseeing the trading in DJX.⁵ The appropriate Market Performance Committee will likely monitor how

opening rotations are conducted without LMMs before it decides whether to appoint LMMs. Nevertheless, the Exchange believes it is critical to have the system available for use in the DJX crowd in the event that the opening rotations are taking too much time from the commencement of trading.

Finally, the Exchange is also proposing to apply the terms of the OEX/SPX joint account circular to trading in options on the DJIA.⁶ The circular provides that joint accounts may be represented in the crowd by more than one participant trading in-person for the joint account. In addition, the circular provides that joint account participants who are not trading in-person in the crowd may enter orders for the joint account with floor brokers even if other participants are trading the same joint account in-person. The joint account circular applicable to equity options does not allow a joint account participant to enter orders while another joint account participant is trading in-person on behalf of the joint account. The Exchange believes the OEX/SPX model is more appropriate for options on the DJIA because of the expected large size of the DJX crowd.⁷

2. Statutory Basis

By applying certain existing trading rules and circulars to the trading of options on the DJIA, the Exchange expects to enhance the possibility of the successful launch of options on the DJIA and to be able to provide investors with a useful tool to invest in and hedge interests in the U.S. equity market. Therefore, the proposed rule change will better serve the needs of CBOE's public customers and the Exchange members who make a market for such customers and is consistent with and furthers the objectives of Section 6(b)(5) of the Act⁸ 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.

⁶ The Commission approved the Exchange's OEX/SPX joint account circular on September 10, 1992. See Securities Exchange Act Release No. 31174, 57 FR 42789 (September 16, 1992) (approving File No. SR-CBOE-91-40). The circular was updated pursuant to Commission approval of a change to allow more than one SPX participant participate on a trade on behalf of the joint account. See Securities Exchange Act Release No. 35579 (April 7, 1995), 60 FR 18867 (April 13, 1995) (approving File No. SR-CBOE-95-17).

⁷ Attached as Exhibit B to the proposed rule change is a revised version of the joint account circular for OEX/SPX which incorporates DJX.

⁸ 15 U.S.C. 78f(b)(5).

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

The Exchange 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

Written comments on the proposed rule change were neither solicited nor received.

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

The Commission finds that the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(e)(6) thereunder because it: (1) does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) was provided by the Exchange to the Commission with written notice of its intent to file the proposed rule change at least five days prior to the filing date. A proposed rule change filed under Rule 19b-4(e) does not become operative prior to thirty days after the date of filing or such shorter time as the Commission may designate if such action is consistent with the protection of investors and the public interest. CBOE has requested that the Commission accelerate the implementation of the proposed rule change so that it may become operative prior to the thirty days specified under Rule 19b-4(e)(6)(iii). At any time within 60 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 or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

The Commission finds good cause to accelerate the thirty day period for the proposed rule change to become operative prior to the thirtieth day after the date of filing. Specifically, the Commission believes that the proposed rule change should become operative on the day that CBOE begins to trade options on the DJIA to ensure that all rules applicable to trading DJIA options are in place prior to such trading commences. Accordingly, the proposed rule change will become operative on October 6, 1997, rather than October 8, 1997.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and

⁵ The Exchange may create a new Market Performance Committee responsible for the market performance functions specific to trading the DJX, or it may delegate market performance duties for the DJX crowd to an existing Market Performance Committee.

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 Room. 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-CBOE-97-44 and should be submitted by October 16, 1997.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39095; File No. SR-DTC-97-08]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding the Memo Segregation Service

September 19, 1997.

Pursuant to Section 19(b)(1) ¹ of the Securities Exchange Act of 1934 ("Act"), notice is hereby given that on June 1, 1997, The Depository Trust Company ("DTC") 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 primarily by DTC. The Commission is publishing this notice to solicit comments from interested persons on the proposed rule change.

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

The proposed rule change will modify the procedures for participants to control their collateral in connection

with the use of DTC's memo segregation service ("memo seg").

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

In its filing with the Commission, DTC 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. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

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

DTC developed memo seg to assist participants in their compliance with Rule 15c3-3 under the Act.³ Rule 15c3-3, among other things, requires that broker-dealers maintain control of all fully-paid and excess margin securities they hold for the accounts of customers.⁴ Memo seg enables participants, particularly broker-dealer participants, to segregate customer fully-paid and excess margin securities by creating a memo position within their free accounts. This memo position enables participants to protect themselves from unintended deliveries of customer fully-paid and excess margin securities that either are in the participant's free account or that may be received during the daily processing cycle.

One of DTC's primary risk management controls to protect DTC in the event of a participant's failure to settle is DTC's collateralization procedures. These procedures are designed to assure that a participant's net debit does not exceed the total collateral available in its account. One of the methods available to a participant to collateralize its account is to give DTC a standing instruction that designates as collateral those securities in its free account at the start of the processing day. Currently, this instruction would apply to all securities in the participant's free account, including securities for which a memo seg position has been created.

² The Commission has modified the text of the summaries prepared by DTC.

³ For a detailed description of memo seg, refer to Securities Exchange Act Release No. 26250 (November 3, 1988), 53 FR 45638 (File No. SR-DTC-88-16) (order permanently approving DTC's proposed rule change).

⁴ 17 CFR 240.15c3-3.

Accordingly, the proposed rule change will amend DTC's participant collateralization procedures to exclude start-of-day memo seg positions from classification as collateral even if the participant has given DTC a standing instruction to designate as collateral all securities in its free account. If a participant subsequently wishes to utilize memo seg positions as collateral, it will be permitted to do so by giving DTC the appropriate instructions. DTC believes that the proposed rule change will assist participants in retaining the protections of memo seg from one day to the next which should reduce the potential for unintended deliveries of customer fully paid or excess margin securities.

DTC believes that the proposed rule change is consistent with the requirements of Section 17A(b)(3)(A) of the Act⁵ and the rules and regulations thereunder because it promotes efficiencies in the clearance and settlement of securities transactions.

(B) Self-Regulatory Organization's Statement on Burden on Competition

DTC perceives no impact on competition by reason of the proposed rule change.

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

Written comments from DTC participants or others have not been solicited or received on the proposed rule change.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act⁶ and Rule 19b-4(e)(4) thereunder⁷ because it effects a change in an existing service of DTC that (i) does not adversely affect the safeguarding of securities or funds in the custody or control of DTC or for which it is responsible and (ii) does not significantly affect the respective rights or obligations of DTC or persons using the service. At any time within sixty days of the filing of such rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors,

⁵ 15 U.S.C. 78q-1(b)(3)(A).

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ 17 CFR 240.19b-4(e).

⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).