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 matter.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 97–26574 Filed 10–7–97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–39187; File No. SR–BSE–97–04]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto by the Boston Stock Exchange, Inc., Relating to Stop Orders and Stop Limit Orders in Solely Listed Issues

October 1, 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 September 4, 1997, the Boston Stock Exchange, Inc. (''BSE'' 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. On September 15, 1997, the Exchange submitted to the Commission an amendment to the proposed rule change.[3][1] The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

[1] 15 U.S.C. § 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The amendment revised the text of the proposed supplementary material to Section 3 of Chapter 1 of the Exchange Rules to clarify that it only applies to the trading of issues listed solely on the Exchange and that the proposal also applies to stop limit orders. *See* letter from Karen A. Aluise, Assistant Vice President, BSE, to Michael Walinskas, Senior Special Counsel, Division of Market Regulation, Commission (Sept. 15, 1997) (''Amendment No. 1'').

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

The Exchange seeks to adopt a new Supplementary Material to Section 3 of Chapter 1 of the Exchange Rules to govern the activation criteria for stop orders and stop limit orders in sole listed issues where reported executions occur away from the Exchange.

The text of the proposed rule change is available at the Office of the Secretary, BSE 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, 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 purpose of the proposed rule change is to guide Exchange specialists and customers in the appropriate activation of stop orders and stop limit orders in sole listed issues. Due to the frequency with which the Exchange's sole listed issues trade in the Nasdaq market,[4] it is likely that transactions will occur in that market at prices which would activate Exchange resident stop orders and stop limit orders, were such transactions to occur in the Exchange's market. At such times customers may look for an execution report based on trading that occurs in Nasdaq market. In these circumstances, Exchange specialists may be placed at significant market risk if a customer is permitted to determine after the fact that a stop order or stop limit order in a solely listed issue was, or was not, due based on a sale reported in the Nasdaq market. The proposed interpretation will remove any ambiguity regarding the appropriate activation of stop orders and stop limit orders in solely listed issues by necessitating the inclusion of reported regular way round-lot sales in the Nasdaq market in determining the activation of Exchange resident stop orders and stop limit orders in solely listed issues.

[4] Generally, the Exchange's solely listed issues trade on the Nasdaq SmallCap Market. Here, however, the exchange uses the term ''Nasdaq market'' to include both Nasdaq SmallCap and OTC Bulletin Board. Telephone Conversation between Karen Aluise, Assistant Vice President, BSE, and Christine Richardson, Law Clerk, Division of Market Regulation, Commission, on September 23, 1997.

2. Statutory Basis

The Exchange represents that the proposed rule change is consistent with Section with Section (6)(b)(5) of the Act[5] 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 implements 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 customers, issuers, brokers or dealers.

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 that is not necessary or appropriate in furtherance of the purposes of the Act.

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

No written comments were either solicited or received.

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

Within 35 days of the 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 the 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

[5] 15 U.S.C. § 78f(b).

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 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–BSE–97–04 and should be submitted by October 29, 1997.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[6]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–26648 Filed 10–7–97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–39179; File No. SR–CBOE–97–47]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Incorporated Relating to Option Trading Permit Bid Fee

October 1, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1], notice is hereby given that on September 18, 1997, the Chicago Board Options Exchange, Incorporated (''CBOE'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'' or ''SEC'') 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 is proposing to amend the manner in which it assesses the Exchange fee that is charged when a person submits a bid to receive an Option Trading Permit (''OTP'') from the OTP lease pool.

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 aspects of such statements.

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

CBOE Rule 3.27(a)(3) provides for the creation of an OTP lease pool to be administered by the Exchange. The procedures for the administration of this lease pool were previously filed with and approved by the Commission.[2] Under these procedures, the Exchange conducts an auction every six months during which members and non-members who have qualified for membership may submit bids equal to the monthly rent that the bidder is willing to pay for a month-to-month OTP lease. Upon the close of the bidding period, OTPs in the pool are awarded to the highest bidders in a number equal to the total number of OTPs in the lease pool at that time. The monthly rent to be paid by a lessee is the dollar value of the bid submitted by that lessee. Following each auction, the Exchange continues to accept bids for OTP leases. Should any OTP lessee desire to give up that lessee's OTP prior to the next auction, the OTP is transferred to the highest bidder at a monthly lease price equal to the new lessee's bid for the remainder of the six month auction cycle.

The procedures for the administration of the OTP lease pool also provide that a non-refundable $500 fee will be assessed by the Exchange any time an OTP bid is submitted. This fee is intended to cover Exchange costs in connection with its administration of the OTP lease pool.

The Exchange proposes to amend the manner in which it assesses the $500 OTP bid fee. Specifically, the Exchange proposes not to charge the fee to any current OTP lease pool lessee who submits a bid in connection with one of the Exchange's bi-annual OTP lease pool auctions. The $500 OTP bid fee would continue to be assessed to anyone who submits a bid in connection with one of the Exchange's bi-annual OTP lease pool auctions and is not currently an OTP lease pool lessee. In addition, the $500 OTP bid fee would continue to be assessed to anyone who is not currently an OTP lease pool lessee and submits an OTP bid during a six month OTP lease cycle and not in connection with one of the Exchange's bi-annual OTP lease pool auctions.

The Exchange has determined that it is not necessary to assess a $500 OTP bid fee to a current OTP lease pool lessee in connection with a bi-annual OPT lease auction because that person will have already paid a $500 OTP bid fee to the Exchange.[3]

The Exchange also proposes to amend the procedures for the administration of the OTP lease pool to clarify that the $500 OTP bid fee is not assessed when a bid is canceled or replaced with another bid. The Exchange is not waiving the $500 OTP bid fee for an OTP lease pool lessee who terminates his or her OTP lease and later submits another bid for an OTP in the lease pool because there is administrative work involved in processing a change in OTP lessees.

The proposed rule change is consistent with Section 6(b) of the Act, in general, and furthers the objectives of Section 6(b)(4) of the Act in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges.

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.

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[6] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. § 78s(b)(1).

[2] The procedures for the administration of the OTP lease pool were filed with the Commission in SR–CBOE–97–14. SR–CBOE–97–14 provided for the issuance of OTPs in connection with the transfer of the options business of the New York Stock Exchange, Inc. to CBOE and defined the rights and obligations associated with OTPs. SR–CBOE–97–14 was approved by the Commission in Securities Exchange Act Release No. 38541 (April 23, 1997), 62 FR 23516 (April 30, 1997).

[3] It should be noted that a current OTP lease pool lessee may not submit an OTP bid during the six month OTP lease cycle (except for a bid that is in connection with the next bi-annual OTP lease pool auction). This is the case because in order for a person to submit an OTP bid, that person must be immediately eligible to become an OTP lease pool lessee. A current OTP lease pool lessee is not immediately eligible to become an OTP lease pool lessee for another OTP because that person is already leasing an OTP from the lease pool, and a person can only lease one OTP from the lease pool at a time.