

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

**Jonathan G. Katz,**  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39191; File No. SR-AMEX-97-34]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by American Stock Exchange, Inc. Relating to Revised Equity Fee Schedule

October 3, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act"),<sup>1</sup> notice is hereby given that on September 24, 1997, the American Stock Exchange, Inc. ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the fee change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the fee change from interested persons.

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

The American Stock Exchange has revised its schedule of fees imposed on trades in exchange-traded fund products ("EXTRA Funds") executed on the Exchange.

#### 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 fee change and discussed any comments it received on the fee 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 the Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The Exchange currently imposes a transaction charge and a regulatory fee on trades in equity securities executed on the Exchange. The Exchange's equity transaction charge is a two-part fee consisting of a share charge and a value charge, based on the total number of shares traded and the value of such shares, respectively. All equity trades executed through the Exchange's Post Execution Reporting ("PER") order routing system up to 1,099 shares are exempt from Exchange equity transaction charges (excluding only those for the account of nonmember competing dealers). The Exchange also imposes a separate regulatory fee on all equity trades calculated at \$.00005 times the value of shares traded.

The Exchange currently lists a number of exchange-traded fund products, which are subject to the Exchange's equity fee schedule. Standard & Poor's Depositary Receipts ("SPDRs") is a fund product based on the S&P 500 Index that has traded on the Exchange since 1993. MidCap SPDRs and World Equity Benchmark Shares ("WEBS") are also currently traded, with additional fund products expected to be traded in the future.

The Exchange is revising its schedule of equity fees to exempt customer (i.e., non broker-dealer) PER trades in exchange-traded fund products up to 5,099 shares from both the equity transaction charge and the regulatory fee. We believe that these changes are necessary in order to make the cost of trading on the Exchange comparable to the economics of trading these products in other markets.

The revised equity fee schedule will be implemented starting with transactions effected on September 26, 1997 or as soon as practical thereafter. The Exchange will notify member firms as to the date of effectiveness and as to any necessary modifications to provide for proper identification of orders entitled to the fee exemption.

##### (2) Statutory Basis

The fee change is consistent with Section 6(b) of the Exchange Act in general and furthers the objectives of Section 6(b)(4)<sup>2</sup> in particular in that it is intended to assure the equitable allocation of reasonable dues, fees, and other charges among members, issuers,

and other persons using the Exchange's facilities.

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

The fee change will impose no 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 fee change.

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

The fee change has become effective pursuant to Section 19(b)(3)(A) of the Exchange Act<sup>3</sup> and subparagraph (e)(2) of Exchange Act Rule 19b-4.<sup>4</sup> At any time within 60 days of the filing of such fee change, the Commission may summarily abrogate such fee 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 Exchange 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 fee change that are filed with the Commission, and all written communications relating to the fee 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 in Washington, D.C. Copies of such filing will also be available for inspection and copying at the principal office of the Amex. All submissions should refer to file number SR-AMEX-97-34 and should be submitted by November 4, 1997.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78f(b)(4).

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(e).

<sup>5</sup> 17 CFR 240.30-3(a)(12).

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 39199; File No. SR-BSE-97-05]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Boston Stock Exchange Relating to Its Transaction Fee Schedule

October 3, 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 4, 1997, the Boston Stock Exchange, Inc. ("BSE" 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 self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange seeks to amend its transaction fee schedule to implement two additional transaction fee maximums.

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 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 purpose of the proposed fee revision is to respond to the needs of the

Exchange's constituents with respect to overall competitive market conditions and customer satisfaction. As such, the Exchange intends to implement two additional transaction fee maximums.

A monthly transaction fee maximum (including both Trade Recording and Comparison and Value Charge fees) of \$50,000 per member firm for all electronic order flow (both incoming and outgoing trades) is being implemented. The monthly electronic transaction fee maximum of \$50,000 will precede the existing total volume maximum of \$.45 per 100 average monthly shares. Member firms will continue to pay the current rate for Trade Recording and Comparison and Value Charge fees on all electronic trades up to the maximum charge of \$50,000 for this type of order flow. Any electronic trading beyond the \$50,000 electronic transaction fee cap will be assessed at \$0.00 per 100 average monthly shares throughout the remainder of the month.<sup>1</sup> If at month's end, a member firm's fee for electronic order flow has reached the \$50,000 maximum and its total volume rate per 100 average monthly shares exceeds \$.45, the firm's transaction fees will then be capped at \$.45 per 100 average monthly shares.<sup>2</sup>

A transaction fee maximum (including both Trade Recording and Comparison and Value Charge fees) for multiple automated cross trades is also being implemented. The transaction fee maximum of \$.25 per 100 shares will apply once a firm has executed 100,000 average daily multiple automated cross trade shares. This maximum is in addition to the maximum rate per trade

side of \$25.00 for Trade Recording and Comparison fees and \$50.00 for Value Charge fees. Member firms will pay the lesser of \$.25 per 100 shares or the original rate per share at the time of execution.<sup>3</sup>

###### 2. Statutory Basis

The basis for the proposed rule change is Section 6(b)(5) of the Act, in that the proposed rule change 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 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

The Exchange has neither solicited nor received comments on the proposed rule change.

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

Because the foregoing rule change establishes or changes a due, fee, or other change imposed by the Exchange, it has become effective pursuant to Section 19(b)(3)(A) of the Act and subparagraph (e) of Rule 19b-4

<sup>1</sup> Telephone conversation between Kathy Marshall, Boston Stock Exchange, and Christine Richardson, Division of Market Regulation, Commission (Sep. 17, 1997).

<sup>2</sup> For example, assume Member Firm ABC generated \$100,000 in total transaction fees, \$80,000 of which were associated with electronic order flow. Assume further that this \$100,000 related to 200,000 total shares traded during the month. Under the new fee maximum, ABC's electronic order flow fees would be capped at \$50,000 and any electronic order flow executed beyond this maximum would be assessed at \$0.00 throughout the remainder of the month. At the end of the month, the Exchange would calculate the total fees generated by ABC's account, here \$90,000 (\$50,000 in electronic order flow plus \$40,000 in non-electronic order flow), and divide it by the total number of shares traded during the month. Here, the Exchange would divide \$90,000 by 200,000 shares, which would equate to a rate of \$.45 per 100 average monthly shares. Thus ABC would pay a total of \$90,000 in transaction fees for that month. If, however, the resulting rate were greater than \$.45 per 100 average monthly shares, the total transaction fees would be further reduced to this maximum. Telephone Conversation between Kathy Marshall, Boston Stock Exchange, and Christine Richardson, Division of Market Regulation, Commission (Sep. 24, 1997).

<sup>3</sup> For example, assume Member Firm ABC executed 2,500,000 multiple automated cross trade shares in a month comprised of 21 trading days. Under the new proposal, the cost structure of the first 2,100,000 multiple automated cross trade shares (21 trading days × 100,000 average daily shares) would not change. However, for every share of this type executed above and beyond 100,000 average daily shares (in this example, 2,100,000 shares), the cost per share would be the lesser of \$.0025 per share or the original rate per share at the time of execution. If a 7,500 share cross trade generated a total fee of \$30.00 (\$.0040 per share), the total fee of this trade would be capped at \$18.75 (\$.0025 per share) for a reduction in the cost of the trade of \$11.25. If the same trade generated a total fee of \$15.00 (\$.0020 per share), the total cost of the trade would remain at \$15.00. Telephone Conversation between Kathy Marshall, Boston Stock Exchange, and Christine Richardson, Division of Market Regulation, Commission (Oct. 1, 1997).