

any inappropriate burden on competition.

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

The Exchange did not solicit or receive written comments with respect to the proposed rule change.

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

Within 35 days of the date of 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 Exchange 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 Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submissions, 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 persons, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. § 522, will be available for inspection and copying at the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. 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-CHX-97-20 and should be submitted by November 14, 1997.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-28178 Filed 10-23-97; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39252; File No. SR-CHX-97-19]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Stock Exchange, Incorporated Relating to the Adoption of Rules Governing Market-at-the-Close Orders

October 17, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on September 12, 1997, the Chicago Stock Exchange, Incorporated ("CHX" 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 Exchange. 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 Exchange proposes to add Article XX, Rule 44 to the Exchange's Rules relating to market-at-the-close orders.

The text of the proposed rule change is available at the Office of the Secretary, the Exchange, 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 Exchange 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 Exchange 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

Currently, the Exchange has no rules regarding market-at-the-close ("MOC") orders. The Exchange therefore wishes to add specific rules governing MOC orders to formalize the procedures for

such orders and to delineate the rights and obligations of Exchange members and customers with regard to such orders.

The Exchange proposes to adopt procedures that are essentially identical to those used by the New York Stock Exchange ("NYSE"). The proposed rule is intended to ensure that orders sent to the Exchange will receive treatment similar to orders sent to the NYSE.

The proposed rule change provides definitions for all relevant terms. "Market-at-the-Close Order" or "MOC order" means a market order which is to be executed in its entirety at the closing price on the primary market of the stock named in the order, and if not so executed, is to be treated as canceled. "Expiration Day" means the last trading day before the one day a month that standardized contracts in derivative products (such as stock index futures, stock index options, and options on stock index futures) expire. "Quarterly Index Expiration Day" means the last trading day of each calendar quarter when quarterly index expiration ("QIX") options expire. "Pilot Stocks" means those stocks contained on the list published from time to time by the primary market for such stocks.

Certain limitations will apply to MOC orders on Expiration Fridays and Quarterly Index Expiration Days. In general, no such MOC order may be entered after 2:40 p.m., Central Time, in any stock. Floor brokers representing such orders must indicate their MOC interest to the specialist by 2:40 p.m. After 2:40 p.m., MOC orders may generally be entered to offset published imbalances. However, the liquidation of positions relating to a strategy involving any stock index options, using MOC orders entered after 2:40 p.m., is not permitted, even if such orders might offset published imbalances. No MOC order in any stock may be canceled or reduced in size after 2:40 p.m. Cancellations to correct a legitimate error, however, will continue to be permitted after 2:40 p.m.

For MOC orders on Expiration Fridays and Quarterly Index Expiration Days, as soon as practicable after 2:40 p.m., notice will be published by the Exchange of any MOC order imbalance of 50,000 shares or more in the Pilot Stocks,² stocks being added to or dropped from an index, and, upon the

² The Exchange will publish notice only of those MOC order imbalances that occur on the facilities of the Exchange. Telephone conversation between David T. Rusoff, Attorney, Foley and Lardner, and Michael L. Loftus, Attorney, Division of Market Regulation, SEC (October 16, 1997).

⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. § 78s(b)(1).

request of a specialist, any other stock with the approval of a floor official.

Other proposed rules apply to MOC orders on Non-Expiration Days. No such MOC order may be entered after 2:50 p.m., Central Time, in any stock, except to offset a published order imbalance. Floor brokers representing such orders must indicate their MOC interest to the specialist by 2:50 p.m. No MOC order in any stock may be canceled or reduced in size after 2:50 p.m. Cancellations to correct a legitimate error, however, will continue to be permitted after 2:50 p.m.

For MOC orders on Non-Expiration Days, as soon as practicable after 2:50 p.m., notice will be published by the Exchange of any MOC order imbalance of 50,000 shares or more in the Pilot Stocks,³ stocks being added to or dropped from an index, and, upon the request of a specialist, any other stock with the approval of a floor official.

A specialist will only be obligated to accept and guarantee execution of those MOC orders that are of a size and type that a specialist would otherwise be required to accept and guarantee execution of, if the orders did not have a market-at-the-close designation.

The proposed rule change provides that a specialist shall execute MOC orders in a stock in a specified manner. Where there is an imbalance between the buy and sell MOC orders, the specialist shall, at the close of the Primary Trading Session on that day, execute the imbalance for its own account at the closing price on the primary market of the stock. The specialist shall then stop the remaining buy and sell orders against each other and pair them off at the closing price on the primary market of the stock. The "pair off" transaction shall be reported to the consolidated last sale reporting system as "stopped stock." Where the aggregate size of the buy MOC orders equals the aggregate size of the sell MOC orders, the buy orders and sell orders shall be stopped against each other and paired off at the closing price on the primary market of the stock. The transaction shall be reported to the consolidated last sale reporting system as "stopped stock."

Proprietary orders represented pursuant to Section 11(a)(1)(G)⁴ of the Act (i.e., "G" orders) must be announced as such and yield priority, parity and precedence to any order which is for the account of a person who is not a member, member organization or associated person thereof. Market orders to sell short at-the-close represented as "G" orders

must yield priority, parity and precedence to limit orders not represented pursuant to Section 11(a)(1)(G) of the Act. For example, in executing paired-off MOC orders, a "G" order to sell short at-the-market would yield to sell orders limited at the closing price that are not represented as "G" orders. This will be the policy even if the "G" order to sell short at-the-market theoretically could have been executed at a better price (and still satisfy the "short sale" rule in terms of a "plus" or "zero plus" tick) had there not been a pair-off on the transaction. This would not be applicable if the order was a market order to sell "long" or a market order to buy.

2. Statutory Basis

The Exchange represents that the proposed rule change is consistent with Section 6(b)(5)⁵ of the Act in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating 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.

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

The Exchange does not believe that the proposed rule change will impose any inappropriate burden on competition.

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

The Exchange did not solicit or receive written comments with respect to the proposed rule change.

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

Within 35 days of the date of 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 Exchange 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 Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submissions, all subsequent amendments, all 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 persons, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. § 522, will be available for inspection and copying at the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. 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-CHX-97-19 and should be submitted by November 14, 1997.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-28179 Filed 10-23-97; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39257; File No. SR-CHX-97-27]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Stock Exchange, Inc. Relating to the Execution of Stopped Orders Under the Enhanced SuperMAX Program

October 17, 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 October 15, 1997, the Chicago Stock Exchange, Incorporated ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "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

⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ *Id.*

⁴ 15 U.S.C. § 78k(a)(1)(G).

⁵ 15 U.S.C. § 78f(b)(5).