

a result of existing XII position limits causing XII users to use other less restrictive products and over-the-counter products in order to meet their hedging needs.

The Exchange believes that increasing the position and exercise limits for XII options to 100,000 contracts will allow increased institutional use of XII and allow it to be more competitive with alternative products. In addition, an increase in XII position and exercise limits will benefit not only the beneficiaries of assets managed by various institutions, but also the marketplace in general through increased liquidity.

Increasing the XII firm facilitation exemption from 100,000 contracts to 400,000 contracts is necessary to accommodate the needs of investors as well as market participants and should not substantially increase concerns regarding the potential for manipulation and other trading abuses.<sup>5</sup> In addition, the proposed rule change will further enhance the potential depth and liquidity of the options market as well as the underlying markets by providing Exchange members greater flexibility in executing large customer orders, while the Exchange's existing safeguards applicable to current facilitation exemptions continue to serve to minimize any potential disruption or manipulation concerns.

These proposed changes are intended to result in little or no attendant risk to the marketplace as XII is composed of seventy-five of the most widely-held stocks in institutional portfolios that have a market value of more than one hundred million in investment funds.<sup>6</sup> Thus the component issues are extremely liquid and the overall index less volatile than individual stocks. Lastly, XII options are European-style and therefore can only be exercised at expiration.

To enhance its ability to monitor unhedged positions, the Amex will add a reporting requirement (new Commentary .03 to Exchange Rule 904C) for accounts having a position in excess of 45,000 a.m.-settled, European-style XII option contracts on the same-side of the market. Specifically, new Commentary .03 to Exchange Rule 904C states that if a member or member organization, other than an Exchange

Specialist or Registered Options Trader, maintains a position in excess of 45,000 a.m.-settled, European-style XII option contracts on the same-side of the market on behalf of its own account or for the account of a customer, it must report information as to whether those positions are hedged and provide documentation as to how such contracts are hedged, in the manner and form required by the Exchange. In addition, to address the Commission's concerns with respect to the ability of the Exchange to monitor customer accounts that maintain large unhedged positions, the Amex will add a margin and clearing firm requirement. Pursuant to new Commentary .04 to Exchange Rule 904C, whenever the Exchange determines that additional margin is warranted in light of the risks associated with an under-hedged option position in excess of 45,000 contracts, the Exchange may impose additional margin upon the account maintaining such under-hedged position, or assess capital charges upon the clearing firm carrying the account to the extent of any margin deficiency resulting from the higher margin requirement.

## 2. Statutory Basis

The Exchange represents that the proposed rule change is consistent with Section 6(b)(5) of the Act<sup>7</sup> in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

### *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*

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 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-Amex-97-44 and should be submitted by December 8, 1997.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

**Margaret H. McFarland,**  
Deputy Secretary.

[FR Doc. 97-30131 Filed 11-14-97; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39308; File No. SR-CBOE-97-40]

**Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Incorporated Relating to the "Terms and Conditions of an Order" for Purposes of the Exchange's Rules on Solicited Trades and Crossed Trades**

November 6, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

<sup>5</sup> The Exchange notes that the XII firm facilitation exemption is in addition to the standard limit and other exemptions under Exchange rules, commentaries and policies.

<sup>6</sup> To qualify for inclusion in XII, stocks must be held by a minimum of 200 of the reporting institutions filing Section 23(f) reports and must have traded at least 7 million shares in each of the two preceding calendar quarters.

<sup>7</sup> 15 U.S.C. 78f(b)(5).

<sup>8</sup> 17 CFR 200.30-3(a)(12).

("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on August 25, 1997, the Chicago Board Options Exchange, Inc. ("CBOE" 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. On October 31, 1997, the Exchange submitted Amendment No. 1 to the Proposal.<sup>3</sup> 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 amend its rules governing solicited orders and "crossing" orders by adding to each rule an interpretation which will define and clarify the phrase "terms and conditions" as used in each rule. 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 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 rule change is to define and clarify the meaning of the phrases "terms and conditions" of an order as used in Exchange Rules 6.9 and 6.74. Pursuant to Rule 6.9, *Solicited Transactions*, a member or member organization representing an order respecting an

option traded on the Exchange (an "original order"), including a spread, combination, or straddle order as defined in Rule 6.53 and a stock-option order as defined in Rule 1.1(ii), may solicit a member or member organization or a non-member customer or broker-dealer (the "solicited person") to transact in-person or by order (a "solicited order") with the original order.

Pursuant to Rule 6.74(b), a floor broker may effect a cross of a customer order and a facilitation order subject to satisfaction of certain conditions including disclosure on an order ticket for the public customer order which is subject to facilitation, all of the terms of such order, including any contingency involving, and all related transactions in, either options or underlying or related securities. A facilitation order is defined in Rule 6.53(m) as an order which is only to be executed in whole or in part in a cross transaction with an order for a public customer of the member organization and which is clearly designated as a facilitation order.

The rules relating to both facilitation "solicited" and "crossing" transactions are designed to ensure that all market participants have an equal opportunity to participate in trades, fostering the objective of open outcry in a competitive market. The proposed rule amendment defines what is meant by the phrase "terms and conditions" as used in these two rules: the volume; the price; any contingencies; and any components related to the order. Components are related stock, options, futures or any other instruments or interests. A contingency order is a limit or market order to buy or sell that is contingent upon a condition being satisfied while the order is at the post. Contingent orders include: Market-if-touched orders; market-on-close-orders; stop (stop-loss) orders; and stop-limit orders.

The Exchange believes that the proposed Interpretations will enable those who solicit and those who wish to effect "facilitation" crosses to understand and abide by their disclosure obligations. In addition, the proposed change will aid in achieving uniformity with regard to trading crowd expectations, as well as to the type and amount of information disclosed on crossed and solicited orders.

##### **2. Statutory Basis**

The Exchange represents that the proposed rule change is consistent with Section 6(b)(5) of the Act<sup>4</sup> in that it is designed to prevent fraudulent and

manipulative acts and practices and to perfect the mechanism of a free and open market.

#### **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**

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 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-CBOE-97-40 and should be submitted by December 8, 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> 17 CFR 240.19b-4.

<sup>3</sup> See letter from Stephanie Mullins, Attorney, CBOE to David S. Sieradzki, Attorney, SEC dated October 31, 1997 ("Amendment No. 1"). Amendment No. 1 changes the item to be defined from the word "terms" to the phrase "terms and conditions." In addition, Amendment No. 1 makes several non-substantive changes that clarify the proposal.

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

<sup>5</sup> 17 C.F.R. 200.30-3(a)(12).

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 97-30054 Filed 11-14-97; 8:45 am]

BILLING CODE 8010-01-M

## SMALL BUSINESS ADMINISTRATION

### Revocation of License of Small Business Investment Company; Intercontinental Capital Funding Corp.

Pursuant to the authority granted to the United States Small Business Administration by the Final Order of the United States District Court for the Southern District of New York, dated September 17, 1997, the United States Small Business Administration hereby revokes the license of Intercontinental Capital Funding Corporation, a New York corporation, to function as a small business investment company under the Small Business Investment Company License No. 02/02-5421 issued to Intercontinental Capital Funding Corporation on September 30, 1981 and said license is hereby declared null and void as of November 5, 1997.

United States Small Business Administration.

Dated: November 5, 1997.

**Don A. Christensen,**

*Associate Administrator for Investment.*

[FR Doc. 97-30087 Filed 11-14-97; 8:45 am]

BILLING CODE 8025-01-P

## SMALL BUSINESS ADMINISTRATION

### Revocation of License of Small Business Investment Company; New England MESBIC, Inc.

Pursuant to the authority granted to the United States Small Business Administration by the Final Order of the United States District Court for the District of New Hampshire, dated September 10, 1997, the United States Small Business Administration hereby revokes the license of New England MESBIC, Inc., a Massachusetts, to function as a small business investment company under the Small Business Investment Company License No. 01/01-5318 issued to New England MESBIC, Inc. on October 26, 1982 and said license is hereby declared null and void as of November 5, 1997.

United States Small Business Administration.

Dated: November 5, 1997.

**Don A. Christensen,**

*Associate Administrator for Investment.*

[FR Doc. 97-30088 Filed 11-14-97; 8:45 am]

BILLING CODE 8025-01-P

## SMALL BUSINESS ADMINISTRATION

[License No. 02/02-5386]

### Pan Pac Capital Corporation; Notice of License Surrender

Notice is hereby given that *Pan Pac Capital Corporation* ("Pan Pac"), 121 East Industry Court, Deer Park, New York 11729, has surrendered its license to operate as a small business investment company under the Small Business Investment Act of 1958, as amended ("the Act"). *Pan Pac* was licensed by the Small Business Administration on June 12, 1980.

Under the authority vested by the Act and pursuant to the regulations promulgated thereunder, the surrender of the license was accepted on September 30, 1997, and accordingly, all rights, privileges, and franchises derived therefrom have been terminated.

(Catalog of Federal Domestic Assistance Program No. 59.011, Small Business Investment Companies)

Dated: November 5, 1997.

**Don A. Christensen,**

*Associate Administrator for Investment.*

[FR Doc. 97-30089 Filed 11-14-97; 8:45 am]

BILLING CODE 8025-01-M

## SMALL BUSINESS ADMINISTRATION

### Southeastern States Regional Fairness Board Public Hearing

The Southeastern States Regional Fairness Board will hold a public meeting on Monday, November 17, 1997, at 1:00 p.m., at the Charlotte Chamber of Commerce, 330 S. Tryon Street, Charlotte, North Carolina 28202, to inform the small business community of the existence of a regulatory enforcement oversight process and of SBA's desire to collect information regarding businesses' experience with regulatory enforcement actions, and to discuss such matters as may be presented by members, staff of the U.S. Small Business Administration, or others present.

For further information, please contact Gary P. Peele at (312) 353-0880.

Dated: November 7, 1997.

**Eugene Carlson,**

*Associate Administrator, Office of Communications and Public Liaison.*

[FR Doc. 97-30090 Filed 11-14-97; 8:45 am]

BILLING CODE 8025-01-P-M

## DEPARTMENT OF STATE

### Office of Defense Trade Controls

[Public Notice No. 2624]

### Notifications to the Congress of Proposed Export Licenses

AGENCY: Department of State.

ACTION: Notice.

**SUMMARY:** Notice is hereby given that the Department of State has forwarded the attached Notifications of Proposed Export Licenses to the Congress on the dates shown on the attachments pursuant to section 36(c) and in compliance with section 36(e) of the Arms Export Control Act (22 U.S.C. § 2776).

**EFFECTIVE DATE:** As shown on each letter.

**FOR FURTHER INFORMATION CONTACT:** Mr. William J. Lowell, Director, Office of Defense Trade Controls, Bureau of Political-Military Affairs, Department of State ((703) 875-6644).

**SUPPLEMENTARY INFORMATION:** Section 38(e) of the Arms Export Control Act mandates that notifications to the Congress pursuant to section 36(c) must be published in the **Federal Register** when they are transmitted to Congress or as soon thereafter as practicable.

Dated: October 30, 1997.

**William J. Lowell,**

*Director, Office of Defense Trade Controls.*

**United States Department of State**

*Washington, D.C. 20520*

October 21, 1997.

Dear Mr. Speaker: Pursuant to section 36(c) of the Arms Export Control Act, I am transmitting herewith certification of a proposed license for the export of defense articles or defense services sold under a contract in the amount \$50,000,000 or more.

The transaction described in the attached certification involves the export of 40 Solid Strap-on Boosters for integration into Mitsubishi's H-IIA launch Vehicle for use in the Japanese space program.

The United States Government is prepared to license the export of these items having taken into account political, military, economic, human rights, and arms control considerations.

More detailed information is contained in the formal certification which, though, unclassified, contains business information submitted to the Department of State by the applicant, publication of which cause competitive harm to the United States firm concerned.

Sincerely,

Barbara Larkin,

*Assistant Secretary, Legislative Affairs.*

Enclosure: Transmittal No. DTC-121-97  
The Honorable Newt Gingrich, Speaker of the House of Representatives.