

ambiguity as to the latest time for honoring demands upon letters of credit, letters of credit must state expressly that payment must be made prior to the close of business on the third banking day following demand. Second, letters of credit must be irrevocable. Third, letters of credit must expire on a quarterly basis. Fourth, OCC included language in its Rule 604 to make explicit OCC's authority to draw upon letters of credit at any time, whether or not the clearing member that deposited the letter of credit has been suspended or is in default, if OCC determines that such draws are advisable to protect OCC, other clearing members, or the general public.

According to OCC, since its original filing, OCC has received no adverse comments or complaints from any of its clearing members, the banks, or other interested parties with respect to the modifications to Rule 604 or the implementation of the revised letter of credit standards. As a result, OCC now requests that the Commission permanently approve its revisions.

OCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act⁵ because the proposed rule change promotes the protection of investors by enhancing OCC's ability to safeguard the securities and funds in its possession or subject to its control.

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

OCC does not believe that the proposed rule change would impose any burden on competition.

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

Comments were not and are not intended to be solicited by OCC with respect to the proposed rule change, and none were received.

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

Within thirty-five 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 ninety 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 OCC consents, the Commission will:

(a) by order approve such 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 in 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 OCC. All submissions should refer to the file number SR-OCC-96-15 and should be submitted by March 14, 1997.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-4234 Filed 2-20-97; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-38279; File No. SR-PSE-96-48]

Self-Regulatory Organizations; Pacific Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to A.M.-Settlement

February 12, 1997.

On December 18, 1996, the Pacific Stock Exchange, Inc. ("PSE" or "Exchange") submitted to the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to codify certain existing procedures relating to a.m.-settled index options.

Notice of the proposed rule change was published for comment in the Federal Register on January 14, 1997.³

⁶ 17 CFR 200.30-3(1)(12).

¹ 15 U.S.C. § 78s(b).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 34-38127 (January 14, 1997).

No comments were received on the proposal. This order approves the proposal.

I. Description

The Exchange proposes to adopt new Rule 7.8(e), entitled "A.M.-Settled Index Options." This rule provides that the last day of trading for A.M.-settled index option shall be the business day preceding the last day of trading in the underlying securities prior to expiration. It states that the current index value at the expiration of an A.M.-settled option shall be determined on the last day of trading in the underlying securities prior to expiration. It further provides that the current index value shall be determined by reference to the reported level of such index is derived from first reported sale (opening) prices of the underlying securities on such day. In addition, in any case where the security does not open for trading on that day, the last reported sale price of such security shall be used unless the exercise settlement amount is fixed in accordance with the Rules and By-Laws of The Options Clearing Corporation.

Subsection (1)(B) of the proposed rule further states that in any case where an exercise settlement amount is fixed for any series of index options pursuant to the Rules and By-Laws of The Options Clearing Corporation, the amount so fixed shall be the amount required to be paid upon exercise of options of that series notwithstanding any difference between the current index value used by The Options Clearing Corporation in fixing that amount and the index value determined pursuant to Exchange Rules or practices.

The rule change further states that the following A.M.-settled index options are approved for trading on the Exchange: the PSE Technology Index; the Wilshire Small Cap Index, and the Dow Jones & Co. Taiwan Index.

II. Discussion

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b).⁴ Specifically, the proposal clarifies procedures for determining the current index value of A.M.-settled index options by conforming PSE's rules and practices regarding these products to the current rules and practices of The

⁵ 15 U.S.C. 78q-1.

⁴ 15 U.S.C. § 78(b).

Options Clearing Corporation and the other exchanges. Thus, the Commission believes that the proposal is consistent with the Section 6(b)(5)⁵ requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, and, in general, to protect investors and the public, in that it will foster cooperation and coordination with persons engaged in regulating, clearing, selling and processing information with respect to transactions in securities.⁶

III. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁷ that the proposed rule change (SR-PSE-96-48) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁸

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-4233 Filed 2-20-97; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-38280; File No. SR-PTC-96-09]

Self-Regulatory Organizations, Participants Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Declaring a Dividend

February 12, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on December 23, 1996, the Participants Trust Company ("PTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-PTC-96-09) as described in Items I, II, and III below, which Items have been prepared primarily by PTC. 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 proposed rule change declares a dividend payable on January 21, 1997, to PTC's stockholders of record as of December 31, 1996.

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

In its filing with the Commission, PTC 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. PTC 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

As a condition to approving PTC's application for stock in the Federal Reserve Bank of New York, the Board of Governors of the Federal Reserve System ("Board of Governors") prohibited PTC from paying dividends to its stockholders.³ The Board of Governors subsequently relieved PTC of the restriction on payment of dividends with the understanding that dividends, if declared, would be declared periodically by PTC's Board of Directors and would be paid at a rate not to exceed the 90-day United States Treasury bill rate in effect at the time the dividend is declared.⁴

The Commission approved PTC's practice of paying dividends out of net profits subject to the limitations imposed by the Board of Governors and subject to the limitations imposed by the Board of Governors and subject to the further requirements that (i) prior to using excess income from invested principal and interest ("P&I") to pay a dividend, PTC's Board of Directors be advised of any amount related to the investment of P&I which has not been rebated and is part of the net profits used to declare the dividend and affirmatively approve the application of such excess P&I income for the dividend and (ii) PTC file a proposed rule change pursuant to Section 19(b)(3)(A) of the Act each time it declares a dividend.⁵

PTC has paid dividends on January 18, 1993, in the amount of \$.52 per

share to stockholders of record as of the close of business on December 31, 1992,⁶ on January 20, 1994, in the amount of \$.525 per share to stockholders of record as of the close of business on December 31, 1993,⁷ on January 20, 1995, in the amount of \$1.00 per share to stockholders of record as of the close of business on December 31, 1994,⁸ and on December 29, 1995, in the amount of \$.98 per share to stockholders of record as of the close of business on December 21, 1995.⁹ At its meeting on December 19, 1996, PTC's Board of Directors declared a dividend payable on January 21, 1997, in the amount of \$.98 per share to stockholders of record as of the close of business on December 31, 1996. This dividend rate does not exceed the 90-day United States Treasury bill rate in effect on December 19, 1996.¹⁰ The dividend does not include any excess income attributable to investments of P&I as all such P&I related income with respect to fiscal year ended December 31, 1996, will be rebated to participants on a *pro rata* basis based on the amount of P&I disbursements to each participant.

PTC believes that the proposed rule change is consistent with Section 17A(b)(3)(D) of the Act¹¹ and the rules and regulations thereunder in that it provides for the equitable allocation of reasonable fees and other charges among participants.

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

PTC does not believe that the proposed rule change will impose any burden on competition 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

PTC has not solicited comments with respect to the proposed rule change, and none have been received.

⁶ *Id.*

⁷ Securities Exchange Act Release No. 33487 (January 18, 1994), 59 FR 3900 [File No. SR-PTC-93-07].

⁸ Securities Exchange Act Release No. 35205 (January 9, 1995), 59 FR 3444 [File No. SR-PTC-94-08].

⁹ Securities Exchange Act Release No. 36790 (January 30, 1996), 61 FR 4507 [File No. SR-PTC-95-09].

¹⁰ The 90-day United States Treasury bill rate, as published in *The Wall Street Journal* on December 19, 1996, was 5.00%.

¹¹ 15 U.S.C. 78q-1(b)(3)(D).

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

³ Letter from William A. Wiles, Secretary of the Board, Board of Governors, to Thomas A. Williams, Milbank, Tweed, Hadley & McCloy (March 27, 1989).

⁴ Letter from Jennifer J. Johnson, Associate Secretary, to the Board, Board of Governors, to Leopold S. Rassnick, Vice President and General Counsel, PTC (June 9, 1992).

⁵ Securities Exchange Act Release No. 31746 (January 15, 1993), 58 FR 6319 [File No. SR-PTC-92-15].

⁵ 15 U.S.C. § 78(b)(5).

⁶ In approving these rules, the Commission has considered the proposed rules' impact on efficiency, competition, and capital formation. 15 U.S.C. § 78c(f).

⁷ 15 U.S.C. § 78s(b)(2).

⁸ 17 CFR 200.30-3(a)(12).

⁹ 15 U.S.C. 78s(b)(1).