

Office of Personnel Management.

**Janice R. Lachance,**

*Director.*

[FR Doc. 98-11402 Filed 4-29-98; 8:45 am]

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## OFFICE OF PERSONNEL MANAGEMENT

### Submission for OMB Review; Comment Request for Reclearance of Revised Information Collections: OPM Form 1496 and 1496A

**AGENCY:** Office of Personnel  
Management.

**ACTION:** Notice.

**SUMMARY:** In accordance with the Paperwork Reduction Act of 1995 (Pub. L. 104-13, May 22, 1995), this notice announces that the Office of Personnel Management (OPM) has submitted to the Office of Management and Budget a request for reclearance of a revised information collection. OPM Forms 1496 and 1496A, Application for Deferred Retirement (Separations before October 1, 1956) and Application for Deferred Retirement (Separations on or after October 1, 1956) are used by eligible former Federal employees to apply for a deferred Civil Service annuity. Two forms are needed because there was a major revision in the law effective October 1, 1956; this affects the general information provided with the forms.

Approximately 3,000 OPM Forms 1496 and 1496A will be completed annually. We estimate it takes approximately 1 hour to complete the form. The annual burden is 3,000 hours.

For copies of this proposal, contact Jim Farron on (202) 418-3208, or E-mail to [jmfarron@opm.gov](mailto:jmfarron@opm.gov)

**DATES:** Comments on this proposal should be received on or before June 1, 1998.

**ADDRESSES:** Send or deliver comments to—

Lorraine E. Dettman, Chief, Operations Support Division, Retirement and Insurance Service, U.S. Office of Personnel Management, 1900 E Street, NW, Room 3349, Washington, DC 20415.

and  
Joseph Lackey, OPM Desk Officer, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, NW, Room 10235, Washington, DC 20503.

#### FOR INFORMATION REGARDING

**ADMINISTRATIVE COORDINATION—CONTACT:** Mary Beth Smith-Toomey, Budget &

Administrative Services Division, (202) 606-0623.

U.S. Office of Personnel Management.

**Janice R. Lachance,**

*Director.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39910; File No. SR-CBOE-98-09]

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto by the Chicago Board Options Exchange, Inc. Relating to Trade Match Delayed Submission Fees

April 24, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on March 4, 1998, the Chicago Board Options Exchange, Inc. ("CBOE" 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 CBOE. On April 20, 1998, the CBOE submitted to the Commission Amendment No. 1 to the proposed rule change.<sup>2</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 CBOE proposes to amend Exchange Rule 2.30, Trade Match Delayed Submission Fee, in order to reduce the amount of time permitted for trade submission before the imposition of fees and to include under the rule, all types of trades executed on the Exchange. 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

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

<sup>2</sup> In Amendment No. 1, the Exchange made technical corrections to the proposed rule change and clarified the date of its implementation. See Letter from Stephanie C. Mullins, Attorney, CBOE, to Ken Rosen, Attorney, Division of Market Regulation, Commission, dated April 23, 1998 ("Amendment No. 1").

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

The purpose of the proposed rule change is to expand the scope of Rule 2.30 to include all types of executed trades and to reduce the amount of time under Rule 2.30 in which Exchange members and clearing firms are assessed additional fees for late trade submission.<sup>3</sup> As Exchange rules currently stand, market-makers and clearing firms are assessed fees for delayed trade match submission if eighty percent (80%) of market-maker in-person trades are not submitted in less than two (2) hours. The Exchange proposes to amend this rule to include all types of trades (not just market-maker in-person trades) and to require, by December 1, 1998, that the submission time for fee assessment be reduced from two (2) hours to one (1) hour. The eighty percent (80%) formula will remain the same, as will existing protections for extremely high volume days.

The inclusion of all types of trade activity under Rule 2.30 is proposed to begin with the initial reduction of the time requirement below two (2) hours, which the Exchange proposes to start on June 1, 1998. All trades that a member executes and all trades a clearing firm has executed for it will be required to be submitted on a timely basis to avoid additional fees. Under current rules, only in-person market-maker trades are considered under Rule 2.30. In 1991, when Rule 2.30 was implemented, certain in-person market-maker trades were being significantly delayed for submission to the Exchange's trade match system. Over time these delays were reduced and, in general, market-maker in-person trades now are received within two (2) hours. Non-market-makers trades originally were not included under Rule 2.30 because virtually all non-market-maker activity at that time met the two (2) hour time requirement. Within the revised time frames, ultimately one (1) hour, the Exchange realizes that a small but

<sup>3</sup> The CBOE will not begin to implement any of the proposed changes to Rule 2.30 until June 1, 1998. See Amendment No. 1.

significant portion of non-market-maker trades would not be submitted on a timely basis. For this reason, all executed trades will be included, so that all parties in the trading process will be held to the same standards.

Under the proposal, the submission time reduction from two (2) hours to one (1) hour will be done gradually over a period of months, so that members and clearing firms will grow accustomed to the tighter time requirement and will be encouraged towards immediate submission of trades. The first time reduction will go into effect on June 1, 1998, and will require timely trade submission to be within one (1) hour, thirty (30) minutes of execution. The next reduction would go into effect on September 1, 1998, and will require timely trade submission to be within one (1) hour, fifteen (15) minutes of execution. Finally, from December 1, 1998, forward, the Exchange will require that timely trade submission be within one (1) hour of execution.

At the present time, the average submission time for all market-maker trades is thirty-one (31) minutes from execution, and eighty percent (80%) of all market-maker trades are submitted within one (1) hour of execution. For non-market-makers, the average submission time is twenty-two (22) minutes, and eighty-seven percent (87%) of trades are submitted within one (1) hour of execution. Thus, it should not be a hardship for all members and clearing firms to abide by the proposed rule.

The purpose of this amendment is to increase the speed at which trades are received and matched by the trade match system. With the advent of a more automated trading environment, the current two (2) hour requirement is not stringent enough and may cause the CBOE to be slower than other exchanges in matching trades. More timely trade submission will lead to quicker awareness of out-trades, and consequently will limit financial loss, thereby allowing the Exchange to better compete among the other options exchanges for customer orders.

The Exchange has continually made systems enhancements and improvements to its procedures in order to quickly receive and compare trades. The Exchange currently has the ability to receive and match trade input on a real-time basis, throughout the business day. In a real-time environment, it is much more difficult and time consuming for all parties to deal with trade data that is not submitted on a timely basis. Members and clearing firms that submit trades on a delayed

basis create an unnecessary burden on the majority of participants that submit trades on a timely basis. When a member or clearing firm does not submit its portion of a trade quickly after execution, an uncompleted trade is created that can result in considerable financial loss if not resolved in a timely manner. Thus, the benefits to members and clearing firms of comparing trades immediately after execution are significant.

Exchange Rule 2.30(c), which formerly was reserved, is proposed to address the situation where a nominee-employee of a clearing member executes and submits trades for that clearing member. This situation is best represented by an employee of a retail, public customer brokerage firm who is responsible for executing and submitting trades for the firm. In this situation, where ownership and/or controlling interest in the membership lies with the clearing member, assessment of both a member and clearing member fee would apply a double charge to the responsible entity for not fulfilling the requirement of Rule 2.30. For this reason, the Exchange proposes to apply only the member fee when the member is solely employed by and is acting on behalf of the clearing member.

Additionally, because of improvements to the Exchange's trade match system and the advances of clearing firms, several sections of Rule 2.30 have become obsolete and are proposed to be eliminated. As a result of the ability to trade match continually throughout the day, Exchange Rule 2.30(d)(2) has become obsolete. Thus, the Exchange proposes to delete Rule 2.30(d)(2). When Rule 2.30 was initially implemented, a deficient clearing firm exception was included, 2.30(f)(1). This exception waived fifty percent (50%) of a market-maker's delayed submission fee if the clearing firm through which the market-maker submitted trades was severely deficient in submitting all of its trades on a particular day. This exception initially was applied infrequently, and in the last two years has not been applied to a market-maker client of a clearing firm. Due to hand held trade input terminals and general improvements in trade submission systems, it is nearly impossible for a clearing firm to fall below the deficient clearing firm level of fifty-five percent (55%). Therefore, Exchange Rule 2.30(f)(1) has become obsolete and the Exchange proposes to delete it.

\* \* \* \* \*

The Exchange believes that the current proposal will result in an

improved trade comparison process, thereby serving to promote just and equitable principles of trade and to protect investors and the public interest in furtherance of the objectives of Section 6(b)(5) of the Act.

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

The CBOE does not believe that the proposed rule change will impose any 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 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 self-regulatory organization 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, including whether the proposed rule change is consistent with the Act. 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 Room. Copies of such filing will also be available for inspection and copying at the principal office of the CBOE. All submissions should refer to the File No.

SR-CBOE-98-09 and should be submitted by May 21, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>4</sup>

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

[FR Doc. 98-11447 Filed 4-29-98; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39908; File No. SR-CBOE-98-14]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Inc. Relating to the Trading of Stocks, Warrants and Other Non-Option Securities

April 24, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on April 16, 1998, the Chicago Board Options Exchange, Inc. ("CBOE" 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. The Exchange has designated the proposed rule change as constituting a "non-controversial" rule change under paragraph (e)(6) of Rule 19b-4 under the Act<sup>2</sup> which renders the proposal effective upon receipt of this filing by the Commission.<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 CBOE proposed to clarify certain of its rules governing the trading of stocks, warrants and other non-option securities.

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 amend certain of CBOE's rules applicable to securities traded on CBOE, other than options. The proposed revisions are to rules in Chapter XXX, which governs trading in "Stocks, Warrants and Other [non-option] Securities." The Exchange also is proposing to add Interpretation and Policy .04 to Rule 8.80 in order to clarify the obligations of a Designated Primary Market-Maker ("DPM") acting in respect of securities other than options. In conjunction with the implementation of certain upgrades and enhancements to the Exchange's computer system that will apply to the trading of securities other than options (the automated system for trading securities other than options as enhanced is referred to herein as the "System"), the Exchange reviewed all of its Chapter XXX rules to make certain that the rules conformed with the features of the new System. Although the Exchange determined that no substantive changes to its rules were necessary as a result of this review, the Exchange did determine to make the following clarifications to its rules.

###### Odd Lot Orders

The Exchange has proposed to adopt new Interpretation and Policy .04 under rule 8.80 in order to require DPMs to fill the odd lot portion of a mixed lot order (an order that includes an odd lot portion in addition to one or more round lots) in any security to which they are assigned at a price determined in accordance with Interpretation and Policy .05 under Rule 30.22. That Interpretation and Policy currently provides that the odd lot portion of a

PRL (part of round lot) order is to be filled at the same price as the round lot portion, and is proposed to be amended to clarify that if the round lot portion of a PRL order fills at multiple prices, the odd lot portion is to be executed at a price equal to the first round lot execution. This change is descriptive of how the System will actually process the execution of odd lot portions of PRL orders.

###### Priority

Rule 30.13(f), which provides for time priority for bids and offers made at the same price, is proposed to be amended to clarify that if a member makes certain changes to an order, that order will be considered made at the time of the change. The following changes will cause the time of entry of an order to be updated for time priority purposes: (1) Changing the price of the order; (2) increasing the size of the order; (3) increasing the length of time during which the order remains subject to execution; (4) removing or amending any other contingency applicable to the order; and (5) causing the order to shift between types of order books (e.g. from a round lot to an odd lot order).

###### 2. Statutory Basis

The Exchange represents that the proposed rule changes are consistent with Section 6(b)<sup>4</sup> of the Act in general and further the objectives of Section 6(b)(5)<sup>5</sup> in particular in that, by clarifying the obligations of DPMs in respect of odd lot portions of orders and clarifying the types of changes to orders that cause the time of the orders to be updated for purposes of time priority, they are designed to promote just and equitable principles of trade and to protect investors and the public interest.<sup>6</sup>

##### 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 has neither solicited nor received written comments on the proposed rule change.

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

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

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

<sup>4</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 17 CFR 240.19b-4(e)(6).

<sup>3</sup> The Exchange has represented that the proposed rule change: (i) Will not significantly affect the protection of investors or the public interest; (ii) will not impose any significant burden on competition; and (iii) will not become operative for 30 days after the date of this filing, unless otherwise accelerated by the Commission. The Exchange also has provided at least five business days notice to the Commission of its intent to file this proposed rule change, as required by Rule 19b-4(e)(6) under the Act. *Id.*