

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.⁴

Margaret H. McFarland,
Deputy Secretary.

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

BILLING CODE 8010-01-M

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"),¹ 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 Act² which renders the proposal effective upon receipt of this filing by the Commission.³ 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)⁴ of the Act in general and further the objectives of Section 6(b)(5)⁵ 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.⁶

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.

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(5).

⁶ 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).

⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4(e)(6).

³ 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.*

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

This proposed rule filing has been filed by the Exchange as a "non-controversial" rule change pursuant to Section 19(b)(3)(A)(i) of the Act⁷ and subparagraph (e)(6) of Rule 19b-4 thereunder.⁸ Consequently, because the foregoing proposed rule change: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) does not become operative until May 17, 1998, more than 30 days from April 16, 1998, the date on which it was filed, and the Exchange provided the Commission with written notice of its intent to file the proposed rule change at least five days prior to the filing date, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(e)(6) thereunder.

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule 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 Act.

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 at the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal office of the CBOE. All submissions should refer to File No. SR-CBOE-98-14 and should be submitted by May 21, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-11449 Filed 4-29-98; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39911; File No. SR-CBOE-98-07]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Incorporated Relating to the Committee Responsible for Governing RAES Participant in SPX

April 24, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, U.S.C. 78s(b)(1), notice is hereby given that on February 20, 1998, the Chicago Board Options Exchange, Incorporated ("CBOE" or the "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. CBOE filed an amendment on April 15, 1998, requesting that the filing be handled as a regular way filing under Section 19(b)(2) of the Act.¹ 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 change the Committee responsible for governing RAES eligibility in options on the Standard & Poor's 500 Index ("SPX") from the appropriate Floor Procedure Committee to the appropriate Market Performance Committee. 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, CBOE 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 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, Proposed Rule Change

1. Purpose

The Exchange has decided to change the body governing eligibility for RAES in SPX from the appropriate Floor Procedure Committee to the appropriate Market Performance Committee. Currently, SPX is the only options class in which the issues concerning the eligibility of market-makers to participate in RAES is governed by a Floor Procedure Committee instead of by a Market Performance Committee. Rule 8.16 (in the case of option classes other than OEX², SPX, and DJX³) and Rule 24.17 (in the case of OEX and DJX option classes) provide that the appropriate Market Performance Committee will govern the RAES market-maker eligibility issues. This change, therefore, will make the regulation of SPX RAES eligibility consistent with that of the other option classes traded on the Exchange. The governance of eligibility issues for SPX RAES will initially be delegated to the newly formed Index Market Performance Committee.

As with the other options classes, the Index Market Performance Committee will have authority to exempt market-makers from: the requirement that the market-maker be present in the crowd to log onto or remain on RAES (Rule 24.16(a)(iii)), the requirement that the market-maker must log onto RAES at any time during an expiration month when he is present in the crowd and when he has logged on previously during that expiration month (Rule 24.16(b)), certain requirements concerning the participation of joint accounts (Rule 24.16(c)), and certain requirements concerning the participation of member organizations with multiple nominees (Rule 24.16(d)). The Index Market Performance Committee will also take over the broader authority of the SPX Floor Procedure Committee to set the maximum number of RAES participants in RAES groups, to disallow the participation of certain RAES groups

⁹ 17 CFR 200.30-3(a)(12).

¹ See, letter from Timothy H. Thompson, Director, Regulatory Affairs, Legal Department, Chicago Board Options Exchange to Victoria Berberi-Doumar, Division of Market Regulation, SEC, dated April 15, 1998.

² OEX stands for options on the Standard & Poor's 100 Index.

³ DJX stands for options on the Dow Jones Industrial Average.

⁷ 15 U.S.C. 78s(b)(3)(A)(i).

⁸ 17 CFR 240.19b-4(e)(6).