

system⁶ and will use that access to continue to monitor and review SEC filings made by listed companies.

The Exchange is also proposing to reduce, in certain instances, the number of copies which still need to be filed with the Exchange.⁷ In addition, the Exchange is proposing to eliminate Section 1102 (and the reference to that section in Section 134) because part of Section 1102 is redundant of provisions otherwise found in the Company Guide and the balance more logically falls within Section 1101.

Finally, the Exchange is proposing to amend Section 210 to conform it to amendments which were adopted by the Commission with respect to SEC Form 8-A.⁸

2. Statutory Basis

The Amex believes the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act⁹ in general and furthers the objectives of Section 6(b)(5)¹⁰ in particular in that it is designed to promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, and to protect investors and the public interest.

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

The proposed rule change will impose no 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

The foregoing rule change constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of the

Exchange and therefore, has become effective pursuant to Section 19(b)(3)(A)(i) of the Act,¹¹ and subparagraph (e) of Rule 19b-4 thereunder.¹² The Amex will not implement the proposed rule change until the Commission approves the Exchange's related request for no action relief providing, among other things, that exchange-listed issuers filing documents electronically through the EDGAR system need not file hard copies with the Exchange.

At any time within 60 days of the filing of such 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 NW., Washington, DC 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 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, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the NYSE. All submissions should refer to File No. SR-Amex-98-26 and should be submitted by August 13, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹³

Jonathan G. Katz,

Secretary.

[FR Doc. 98-19648 Filed 7-22-98; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40221; File No. SR-CBOE-98-21]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Incorporated Relating to Minimum Opening Transaction Size in FLEX Equity Options

July 16, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on May 18, 1998, the Chicago Board Options Exchange, Incorporated ("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. 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 required minimum value size for an opening transaction in any FLEX Equity Option² series which has no open interest, such that the minimum value size shall be the lesser of 250 contracts or the number of contracts overlying \$1 million of the underlying 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 CBOE included statements concerning the purpose of, and statutory 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 parts of such statements.

¹ 15 U.S.C. 78s(b)(1).

² FLEX equity options are flexible exchange-traded options contracts which overlie equity securities. In addition, FLEX equity options provide investors with the ability to customize basic option features including size, expiration date, exercise style, and certain exercise prices.

⁶ The Exchange represents that it has obtained real-time access to all EDGAR filings made by Exchange-listed companies through a "Level 1" subscription with a commercial vendor. Telephone conversation between Claudia Crowley, Special Counsel, Amex, and Deborah Flynn, Division of Market Regulation, Commission, on July 16, 1998.

⁷ The Commission notes that listed companies will continue to have to file with the Amex paper copies of certain documents that are not required by the Commission to be filed through EDGAR. Such documents include, for example, notices to shareholders and press release.

⁸ See note 3, *supra*.

⁹ 15 U.S.C. 78f.

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ 15 U.S.C. 78s(b)(3)(A)(i).

¹² 17 CFR 240.19b-4.

¹³ 17 CFR 200.30-3(a)(12).

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

Purpose

The Exchange is proposing to change the minimum value size for opening transactions (other than FLEX Quotes responsive to a FLEX Request for Quotes) in any FLEX Equity Option series in which there is no open interest at the time the Request for Quotes is submitted. Currently, CBOE Rule 24A.4 states that the minimum value size for these opening transactions shall be 250 contracts. The Exchange is proposing to change this rule such that the minimum value size for these transactions shall be the lesser of 250 contracts or the number of contracts overlying \$1 million of the underlying securities.

The Exchange is proposing this change because it believes the current rule is unduly restrictive. The rule was originally put in place in to limit participation in FLEX Equity options to sophisticated, high net worth individuals. However, the Exchange believes that limiting participation in FLEX Equity Options based solely on the number of contracts purchased may diminish liquidity and trading interest in FLEX Equity Options for higher priced equities. The Exchange believes the value of the securities underlying the FLEX Equity Options is an equally valid restraint as the number of contracts and if set at the right limit can also prevent the participation of investors who do not have adequate resources. In fact, the limitation on the minimum value size for opening transactions in FLEX Index Options is tied to the same type of standard, the underlying equivalent value.³ The Exchange believes the number of contracts overlying \$1 million in underlying securities is adequate to provide the requisite amount of investor protection. An opening transaction in a FLEX Equity series on a stock priced at \$40.01 or more would reach this \$1 million limit before it would reach the contract size limit, *i.e.*, 250 contracts times the multiplier (100) times the stock price (\$40.01) totals \$1,000,250 million in underlying value.⁴ It should be noted that, currently, an investor can purchase 250 contracts in a FLEX Equity series on low priced stocks, meeting the

minimum requirement without investing a minimum of \$1 million. For example, a purchase of FLEX Equity Options overlying a \$10 stock is permitted although the underlying value for the Options would be \$250,000, *i.e.*, 250 contracts times the multiplier (100) times the stock price (\$10).

Statutory Basis

The Exchange believes the proposed rule change is consistent with and furthers the objectives of Section 6(b)(5) of the Act⁵ by facilitating transactions in securities, removing impediments to and perfecting the mechanism of a free and open market in securities and otherwise serving to protect investors and the public interest. The Exchange believes that the proposal maintains the current investor protection principles while providing more investors an opportunity to trade FLEX Equity Options.

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, NW., Washington, DC 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 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 principle office of the CBOE. All submissions should refer to the file number SR-CBOE-98-21 and should be submitted by August 13, 1998.

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

Jonathan G. Katz,
Secretary.

[FR Doc. 98-19649 Filed 7-22-98; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40215; File No. SR-CHX-96-21]

Self-Regulatory Organizations; Chicago Stock Exchange, Incorporated; Order Granting Approval to Proposed Rule Change and Amendment No. 1 Thereto and Notice of Filing and Order Granting Accelerated Approval to Amendment No. 2 to the Proposed Rule Change Relating to "Stopped" Orders

July 15, 1998.

I. Introduction

On July 22, 1996, the Chicago Stock Exchange, Incorporated ("CHX" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "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 adopt a rule relating to the entry and execution of stop orders and to clarify its rules relating to stopped orders. On August 27, 1996, the CHX submitted to the Commission Amendment No. 1 to

⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The term "underlying equivalent value" is defined in CBOE Rule 24A.1(r) for FLEX Index options, but it is not a defined term for FLEX Equity options.

⁴ Example amended per conversation between Gail Marshall-Smith, Division of Market Regulation, SEC, and Tim Thompson, CBOE, dated June 15, 1998.

⁵ 15 U.S.C. 78f(b)(5).