

the principal office of CBOE. All submissions should refer to the File No. SR-CBOE-98-34 and should be submitted by September 15, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,
Deputy Secretary.

Exhibit A

Italicizing indicates additions to, and [brackets] indicate deletions from, CBOE Rules currently in effect and as proposed to be amended.

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CHAPTER XXIV

Index Options

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Definitions

RULE 24.1

(a)—(t) No change.

* * * Interpretations and Policies:

.01 The reporting authorities designated by the Exchange in respect of each index underlying an index option contract traded on the Exchange are as follows:

Index	Reporting Authority
[Add the following to the current list] CBOE Telebras Index	CBOE.

* * * * *

Terms of Index Option Contracts

RULE 24.9

(a) *General.*

(1) No change.

(2) No change.

(3) *“European-Style Exercise.”* The following European-style index options, some of which are A.M.-settled as provided in paragraph (a)(4), are approved for trading on the Exchange:

[Add the following to the current list.]

CBOE Telebras Index.

(4) No change.

(5) No change.

(b) *Long-Term Index Options Series (“LEAPS®”)*

(1) No change.

(2) *Reduced-Value LEAPS.*

(A) Reduced-value LEAPS on the following stock indices are approved for trading on the Exchange:

[Add the following to the current list.]

CBOE Telebras Index.

(B) No change.

(C) No change.

* * * Interpretations and Policies:

.01 The procedures for adding and deleting strike prices for index options are provided in Rule 5.5 and Interpretations and Policies related thereto, as otherwise generally provided by Rule 24.9, and include the following:

(a) The interval between strike prices will be no less than \$5.00; provided, that in the case of the following classes of index options, the interval between strike prices will be no less than \$2.50:

[add the following to the list]

CBOE Telebras Index for strike prices below \$50

[FR Doc. 98-22704 Filed 8-24-98; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40328; File No. SR-PCX-98-17]

Self-Regulatory Organization's; Pacific Exchange, Inc.; Order Approving Proposed Rule Change Relating to Expansion of the LMM Book Pilot Program

August 17, 1998.

I. Introduction

On April 16, 1998, the Pacific Exchange, Inc. (“PCX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission” or “SEC”) the proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) ¹ and Rule 19b-4 thereunder, ² to remove the current cap on the number of LMMs who may participate in the program. ³

Notice of the proposed change was published in the **Federal Register**. ⁴ The Commission received no comment letters in response to the notice of the proposed rule change.

II. Description of the Proposal

PCX has proposed to remove the current cap on the number of LMMs who may participate in the program.

On October 11, 1996, the Commission approved an Exchange proposal to adopt a one-year pilot program under

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4 (1991).

³ The Exchange had initially submitted the filing prior to April 16, 1998, but that submission did not include a signature page. By letter dated April 14, 1998, the Exchange filed Amendment No. 1 to the filing, which contained signatures for the filing. See Letter from Michael D. Pierson, Senior Attorney, Regulatory Policy, PCX, to Marie D'Aguanno Ito, Special Counsel, Division of Market Regulation, Commission, dated April 14, 1998. On May 1, 1998, PCX submitted Amendment No. 2 to the filing, seeking to withdraw the portion of the filing that proposed removing the limit on the number of option issues that may be included in the LMM program. The PCX represented in the Amendment that such proposal would be submitted in a separate filing. See Letter from Michael D. Pierson, Senior Attorney, Regulatory Policy, to Marie D'Aguanno Ito, Special Counsel, Division of Market Regulation, Commission, dated April 30, 1998.

⁴ Exchange Act Release No. 39995 (May 15, 1998) 63 FR 28432 (May 22, 1998).

which a limited number of LMMs would be able to assume operational responsibility for the options public limit order book (“Book”) in certain option issues. ⁵ On September 22, 1997, the Commission approved an Exchange proposal to extend the program for one year, so that it is currently set to expire on October 12, 1998. ⁶

Under the pilot program, approved LMMs manage the Book function, take responsibility for trading disputes and errors, set rates for Book execution, and pay the Exchange a fee for systems and services. ⁷ Currently, both multiply-listed and non-multiply-listed option issues are eligible to be traded under the pilot program. ⁸ Initially, the program was limited by allowing no more than three LMMs to participate in the program and no more than 40 option symbols to be used. But on April 1, 1997, the Commission approved an Exchange proposal to expand the program so that up to nine LMMs may participate and up to 150 option symbols may be used. ⁹

The Exchange is now proposing to expand the LMM Book Pilot Program to eliminate the cap on the number of LMMs that may participate in the program. The Exchange notes that the program has been in operation for approximately eighteen months and that no significant problems have occurred. The program has been viable and effective, and has resulted in significant cost savings to customers in Book execution charges. The Exchange believes that it has adequate systems and operation capacity to expand the scope of the program beyond its current limits.

The Exchange believes that the proposed change will make the Exchange LMM Program more competitive because it will provide LMMs with the same flexibility currently held by options specialists at other exchanges, and DPMs at the Chicago Board Options Exchange.

⁵ See Exchange Act Release No. 37810 (October 11, 1996) 61 FR 54481 (October 18, 1996) (approving File No. SR-PSE-96-09).

⁶ See Exchange Act Release No. 39106 (September 22, 1997) 62 FR 51172 (September 30, 1997).

⁷ See Exchange Act Release No. 37874 (October 28, 1996) 61 FR 56597 (November 1, 1996) (approving SR-PSE-96-38, establishing a staffing charge for LMMs who participate in the pilot program); see also File No. SR-PCX-98-03 (proposal to modify the LMM Book Pilot staffing charge).

⁸ See Exchange Act Release No. 38273 (February 12, 1997) 62 FR 7489 (February 19, 1997) (approving File No. SR-PSE-96-45); see also Exchange Act Release No. 39667 (February 13, 1998) 63 FR 9895 (February 26, 1998) (order approving proposal to allow non-multiply-listed option issues to be traded under the program).

⁹ See Exchange Act Release No. 38462 (April 1, 1997) 62 FR 16886 (April 8, 1997).

⁷ 17 CFR 200.30-3(a)(12).

III. Discussion

The Commission believes the proposed rule change is consistent with the provisions of Section 6(b)(5) ¹⁰ of the Act, which provides, among other things, that the rules of an exchange are designed to facilitate transactions in securities, to promote just and equitable principles of trade, and to protect investors and the public interest. The Commission notes that the LMM Book Pilot Program has been in operation for almost two years, without significant problems. According to the Exchange, the Program has been effective, has resulted in cost savings to customers in Book execution charges, and has provided the Exchange greater competitive ability. In seeking to remove the cap on the number of LMM participants in the program, the Exchange has represented that it has both the systems and operational capacity, and the ability, to handle such an expansion. Moreover, the Exchange believes that such expansion is necessary to handle increased order flow and to provide the flexibility that the Exchange needs in its efforts to facilitate transactions. Further, the Exchange believes that such an expansion would provide it with an enhanced competitive ability, particularly in comparison with other exchanges that trade options. The Commission agrees that the elimination of the current cap on LMM participants in the program should provide PCX with the flexibility and competitive ability that the Exchange is seeking, while enhancing its ability to facilitate transactions and to lower customer costs. The Commission notes that the program has operated without serious concerns or disruptions to date, and that the Exchange has represented that it will continue its efforts to oversee and surveil the operations of the program and the LMM participants. For these reasons, the Commission believes that the proposed elimination of the cap on the current number of LMM participants in the Book Pilot Program would be consistent with Section 6(b)(5) of the Exchange Act.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹¹ that the proposed rule change (SR-PCX-98-17) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹²

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-22703 Filed 8-24-98; 8:45 am]

BILLING CODE 8010-01-M

DEPARTMENT OF STATE

[Public Notice 2882]

Bureau of Political Military Affairs, Office of Defense Trade Controls; Registration of Manufacturers and Exporters; Information Collection Approval

AGENCY: Department of State.

ACTION: Announcement of OMB approval number.

SUMMARY: The purpose of this notice is to announce the OMB approval number for the collection of information pertaining to § 122.5 of the International Traffic in Arms Regulations (ITAR).

FOR FURTHER INFORMATION CONTACT: Charles S. Cunningham, Directives Management Branch, U.S. Department of State, Washington, DC 20520, (202) 647-0596.

SUPPLEMENTARY INFORMATION: In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35, as amended), this notice advises that the Office of Management and Budget (OMB) has responded to the Department's request for approval of the information collection under section 122.5 of the (ITAR). This information collection requires all persons subject to registration under the ITAR to maintain records on defense trade-related transactions and make them available for U.S. Government inspection and copying.

OMB has approved this request on an emergency basis for 6 months. The control number issued by OMB for this information collection is 1405-0111, which expires on February 28, 1999.

Tom Heinemann,

Attorney Adviser, Department of State.

[FR Doc. 98-22843 Filed 8-24-98; 8:45 am]

BILLING CODE 4710-25-M

DEPARTMENT OF TRANSPORTATION

Office of the Secretary

Application of Shuttle America Corporation for Issuance of New Certificate Authority

AGENCY: Department of Transportation.

ACTION: Notice of Order to Show Cause (Order 98-8-23) Docket OST-98-3876.

SUMMARY: The Department of Transportation is directing all interested

persons to show cause why it should not issue an order (1) finding Shuttle America Corporation Inc., fit, willing, and able, and (2) awarding it a certificate to engage in interstate scheduled air transportation of persons, property, and mail.

DATES: Persons wishing to file objections should do so no later than Sept. 3, 1998.

ADDRESSES: Objections and answers to objections should be filed in Docket OST-98-3876 and addressed to Department of Transportation Dockets (SVC-124.1, Room PL-401), U.S. Department of Transportation, 400 Seventh Street, SW., Washington, DC 20590 and should be served upon the parties listed in Attachment A to the order.

FOR FURTHER INFORMATION CONTACT: Ms. Janet A. Davis, Air Carrier Fitness Division (X-56, Room 6401), U.S. Department of Transportation, 400 Seventh Street, SW., Washington, DC 20590, (202) 366-9721.

Dated: August 20, 1998.

Patrick V. Murphy,

Deputy Assistant Secretary for Aviation and International Affairs.

[FR Doc. 98-22761 Filed 8-24-98; 8:45 am]

BILLING CODE 4910-62-P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

Notice of Passenger Facility Charge (PFC) Approvals and Disapprovals

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Monthly Notice of PFC Approvals and Disapprovals. In July 1998, there were 12 applications approved. This notice also includes information on one application, approved in June 1998, inadvertently left off the June 1998 notice. Additionally, eight approved amendments to previously approved applications are listed.

SUMMARY: The FAA publishes a monthly notice, as appropriate, of PFC approvals and disapprovals under the provisions of the Aviation Safety and Capacity Expansion Act of 1990 (Title IX of the Omnibus Budget Reconciliation Act of 1990) (Public Law 101-508) and part 158 of the Federal Aviation Regulations (14 CFR part 158). This notice is published pursuant to paragraph d of § 158.29.

PFC Applications Approved

Public agency: Broome County, Binghamton, New York.

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ 15 U.S.C. 78s(b)(2).

¹² 17 CFR 200.30-3(a)(12).