

("Commission") is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Form S-6—For Registration under the Securities Act of 1933 of Securities of Unit Investment Trusts Registered on Form N-8B-2. Unit investment trusts offering their securities to the public are required by two separate statutes to file registration statements with the Commission. They are required to register their securities under the Securities Act of 1933 ("1933 Act"), and to register as investment companies under the Investment Company Act of 1940 ("1940 Act").

Form S-6 is used for registration under the 1933 Act of the securities of any unit investment trust registered under the 1940 Act on Form N-8B-2.¹ A separate registration statement under the 1933 Act must be filed for each series of units issued by the trust. Form S-6 consists of two parts. Part I contains the prospectus and Part II consists of a list of exhibits and financial information and contains other information required in the registration statement but not required to appear in the prospectus.

Section 10(a)(3) of the 1933 Act [15 U.S.C. 77j(a)(3)] provides that when a prospectus is used more than nine months after the effective date of the registration statement, the information therein shall be as of a date not more than sixteen months prior to such use. Unit investment trusts file post-effective amendments to their registration statements on Form S-6 in order to update their prospectuses. As a result, most unit investment trusts update their registration statements on Form S-6 on an annual basis in order that their sponsors may continue to maintain a secondary market in the units.

The purpose of the registration statement on Form S-6 is to provide disclosure of financial and other information that investors may use to make informed decisions regarding the merits of the securities offered for sale. To that end, unit investment trusts must furnish to investors a prospectus containing pertinent information set forth in the registration statement. Without the registration requirement, this material information would not

necessarily be available to investors. The Commission reviews registration statements filed on Form S-6 to ensure adequate disclosure is made to investors.

Each year approximately 3,600 investment companies file a Form S-6. The Commission estimates that preparing Form S-6 requires a unit investment trust to spend approximately 35 hours so that the total burden of preparing Form S-6 for all affected investment companies is 126,000 hours. Estimates of average burden hours are made solely for the purposes of the Paperwork Reduction Act, and are not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms.

Written comments are invited on: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549.

Dated: September 30, 1998.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-26865 Filed 10-6-98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549.

Extension: Form 3—SEC File No. 270-125, OMB Control No. 3235-0104;

Form 4—SEC File No. 270-126, OMB Control No. 3235-0287;

Form 5—SEC File No. 270-323; OMB Control No. 3235-0362.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget requests for extension of the previously approved collections of information discussed below. Exchange Act Forms 3, 4 and 5 are filed by insiders of public companies that have a class of securities registered under Section 12 of the Exchange Act. Form 3 is an initial statement of beneficial ownership, Form 4 is a statement of changes of beneficial ownership of securities and Form 5 is an annual statement of beneficial ownership of securities. Approximately 7,538 respondents file Form 3 annually for a total annual burden of 3,769 hours. Approximately 62,704 respondents file Form 4 annually for a total annual burden of 31,352 hours. Approximately 37,075 respondents file Form 5 annually for a total annual burden of 37,075 hours.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

Written comments regarding the above information should be directed to the following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10202, New Executive Office Building, Washington, D.C. 20503; and (ii) Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, D.C. 20549. Comments must be submitted to OMB within 30 days of this notice.

Dated: September 30, 1998.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-26817 Filed 10-6-98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following open meeting during the week of October 12, 1998.

An open meeting will be held on Wednesday, October 14, 1998, at 10 a.m.

¹ Form N-8B-2 is the form used for registration statements filed by unit investment trusts under the 1940 Act. The form requires that certain material information about the trust, its sponsor, its trustees, and its operation be disclosed. The registration on Form N-8B-2 is a one-time filing that applies to the first series of the unit investment trust as well as any subsequent series that is issued by the sponsor.

The subject matter of the open meeting scheduled for Wednesday, October 14, 1998, at 10 a.m., will be:

(1) Consideration of whether to propose new rules and amendments to modernize and clarify the structure of the regulatory system for offerings under the Securities Act of 1933. **FOR FURTHER INFORMATION CONTACT:** Anita Klein at (202) 942-2980 or Julie Hoffman at (202) 942-1817.

(2) Consideration of whether to propose new rules and amendments intended to update, harmonize and simplify the regulation of tender offers, mergers, and similar extraordinary transactions. **FOR FURTHER INFORMATION CONTACT:** James J. Moloney at (202) 942-2920 or P.J. Himelfarb at (202) 942-1888.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact:

The Office of the Secretary at (202) 942-7070.

Dated: October 5, 1998.

Jonathan G. Katz,
Secretary.

[FR Doc. 98-27062 Filed 10-5-98; 3:48 pm]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40515; File No. SR-OCC-98-07]

Self-Regulatory Organizations; The Options Clearing Corporation; Order Approving Proposed Rule Change Regarding the Short Option Adjustment As Applied to Non-Equity Options

September 30, 1998.

On July 10, 1998, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-OCC-98-07) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").¹ Notice of the proposal was published in the **Federal Register** on August 17, 1998.² No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

I. Description

The rule change amends OCC Rule 602 to modify the "short option

adjustment" as it applies to non-equity options. The short option adjustment is a component of the additional margin calculation in OCC's margin system, the "theoretical intermarket margin system" ("TIMS or NEO TIMS"), that imposes a minimum margin amount on deep out of the money short options.³

A. Additional Margin Calculation

OCC requires its clearing members to adjust their margin deposits with OCC in the morning of every business day based on OCC's overnight calculations. OCC imposes a margin requirement on short positions and gives margin credit for unsegregated long positions.⁴ Under TIMS, margin for positions in a class group are based on premium levels at the close of trading on the preceding day and are increased or decreased by the additional margin amount for that class group.⁵

TIMS calculates additional margin amounts using options price theory. TIMS first calculates the theoretical liquidating value for the positions in each class group by assuming either an increase or decrease in the market value of the underlying asset in an amount equal to the applicable margin interval. The margin interval is the maximum one day price movement in the value of the underlying asset that OCC wants to protect against.⁶ Margin intervals are determined separately for each underlying interest to reflect the volatility in the price of the underlying interest.

TIMS then selects the theoretical liquidating value that represents the greatest decrease (where the actual

liquidating value is positive) or increase (where the actual liquidating value is negative) in liquidating value compared with the actual liquidating value based on the premium levels at the close of trading on the preceding day. The difference between that theoretical liquidating value and the actual liquidating value is the additional margin amount for that class group unless the class group is subject to the short option adjustment.

B. Short Option Adjustment

For net short positions in deep out of the money options, little or no change in value would be predicted given a change in value of the underlying interest equal to the applicable margin interval.⁷ As a result, TIMS would calculate additional margin amounts of zero or close to zero for deep out of the money options. However, volatile markets could cause such positions to become near to or in the money and thereby could create increased risk to OCC. OCC protects against this risk with an adjustment to the additional margin calculation known as the short option adjustment.⁸

Originally, the short option adjustment calculated a minimum additional margin amount for all net short positions in an options series for which the ordinary calculation of the additional margin requirement was less than twenty-five percent of the applicable margin interval. The original methodology applied the short option adjustment to all such short option positions and did not attempt to match or pair net short positions with net long positions which could have reduced the risk of such net short positions.

In 1992, OCC modified the short option adjustment so that it applied only to unpaired net short positions in deep out of the money options.⁹ Currently, the term *unpaired* is defined to mean that a net short position is not offset by a net long position on the same underlying interest.¹⁰ However, Interpretation .06 to OCC Rule 602 provides that a net short position is unpaired unless the position is offset by

³ TIMS refers to OCC's margin system as it applies to stock options and NEO TIMS refers to OCC's margin system as it applies to non-equity options. For a detailed description of NEO TIMS, refer to Securities Exchange Act Release No. 23167 (April 30, 1986), 51 FR 16127 [File No. SR-OCC-85-21] (order approving proposed rule change).

⁴ A long position is unsegregated for OCC's purposes if OCC has a lien on the position (i.e., it has recourse to the value of the position in the event that the clearing member does not perform an obligation to OCC). Long positions in firm accounts and market-maker accounts are unsegregated. Long positions in the clearing member's customers' accounts are unsegregated only if the clearing member submits instructions to that effect in accordance with Rule 611.

⁵ For purposes of NEO TIMS, a class group consists of all put and call options, certain market baskets, and commodity options and futures covering the same underlying asset that are subject to margin at OCC because of a cross-margining program with a commodity clearing organization. A class group may also contain stock loan baskets and stock borrow baskets.

⁶ Some combinations of positions can present a greater net theoretical liquidating value at an intermediate value than at either of the endpoint values. As a result, TIMS also calculates the theoretical liquidating value for the positions in each class group assuming intermediate market values of the underlying asset.

⁷ A net position in an option series in an account is the position resulting from offsetting the gross unsegregated long position in that series against the gross short position in that series. After netting, an account will reflect a net short position or a net long position for each series of options held in the account.

⁸ The short option adjustment for non-equity options is described in OCC Rule 602(c)(1)(ii)(C)(1).

⁹ Securities Exchange Act Release No. 31682 (December 31, 1992) 58 FR 3318 [File No. SR-OCC-91-12].

¹⁰ The term unpaired is defined in Interpretation .04 to Rule 601 for equity options and Interpretation .06 to Rule 602 for non-equity options.

¹ 15 U.S.C. 78s(b)(1).

² Securities Exchange Act Release No. 40317 (August 11, 1998), 63 FR 43980.