

costs and benefits to be paid by the Trustee during the Plan Year." Notice of Approval, 49 FR 6043, 6045 (1984).

Proposed Modification to Special Rules

On July 21, 1997, the Plan adopted an amendment to the approved special withdrawal liability rules, which amendment eliminates the requirement under paragraph 4.011 of the Pension Agreement that contributions for each Plan year shall be at least equal to benefits and administrative costs paid in the year. In lieu of that requirement, the parties to the Pension Agreement signed a Letter of Understanding on July 21, 1997, whereby the parties agree that:

[S]hould the Funding Percentage for the ILWU-PMA Pension Plan (as defined in paragraph 4.042(c)(ii) of the Plan) fall below eighty-five percent (85%) as of the beginning of a particular Plan Year, the Contributions in the following Plan Year shall not be less than the lesser of: (a) The total administrative costs and benefits to be paid by the Trustees during said following Plan Year, or (b) the amount required to increase the Funding Percentage for said following Plan Year to eighty-five percent (85%).

Because the requirement that contributions be no less than administrative costs and benefits paid in a given year is no longer specifically set out in the Plan or the Pension Agreement, PBGC has advised the Plan's representative that if PBGC should approve the amendment modifying the Plan's special withdrawal liability rules such approval will be under the following condition: "The Plan's special withdrawal liability rules will be void as of the first day of the Plan Year following a Plan Year for which the Plan is not at least eighty-five percent (85%) funded, and during said following Plan Year the Contributions are less than the least of (a) total administrative cost and benefits for said following Plan Year or (b) the amount required to increase the Funding Percentage to eighty-five percent (85%) for said following Plan Year or (c) the maximum tax-deductible contribution to the Plan." The Plan has agreed to certify to these conditions annually.

No other changes are proposed to the special withdrawal liabilities rules as approved by the PBGC on January 30, 1984.

Reason for Modification

According to the Plan's request, the funded status of the Plan has improved significantly since 1984, and, based on the Plan's improved funded status, "the potential has now arisen for

unpredictable and volatile contributions to the [Plan] under certain investment scenarios", and "if the current contribution requirements were to be continued, there is a significant risk that, under certain investment scenarios the plan could potentially reach the tax deductible contribution limit in the near future." Depending on fluctuations in the investment market, annual contribution requirements under the Plan could range from zero to over \$100 million, depending on the tax deductibility of each year's contributions. According to the Plan's request, the proposed modification to the current contribution requirement allows the Plan "to better forecast contribution assessments * * * by reducing the contribution volatility as the plan nears the tax deductible limit on contributions." The request goes on to state that: "[r]educing contribution volatility is important in maintaining a secure and soundly funded retirement program. These are the same valid arguments that prompted Congress to enact legislation this year to allow private plans greater contribution flexibility in dealing with the full funding limit."

Comments

All interested persons are invited to submit written comments concerning the pending request to PBGC at the above address, on or before March 20, 1998. All comments will be made a part of the record. Comments received, as well as the application for approval of the plan amendments, will be available for public inspection at the address set forth above.

Issued at Washington, DC, on this 23rd day of January, 1998.

David Strauss,

Executive Director.

[FR Doc. 98-2730 Filed 2-2-98; 8:45 am]

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POSTAL RATE COMMISSION

Sunshine Act Meetings

NAME OF AGENCY: Postal Rate Commission.

FEDERAL REGISTER CITATION OF PREVIOUS

ANNOUNCEMENT: FR Vol. 63, No. 9, Wednesday, January 14, 1998.

PREVIOUSLY ANNOUNCED TIME AND DATE OF THE MEETING: 10:30 a.m., January 29, 1998.

CHANGES IN THE MEETING: Decision in Docket No. A97-19 to be considered also.

CONTACT PERSON FOR MORE INFORMATION: Stephen L. Sharfman, General Counsel,

Postal Rate Commission, Suite 300, 1333 H Street, NW, Washington, DC 20268-0001, Telephone (202) 789-6820.

Dated: January 29, 1998.

Margaret P. Crenshaw,
Secretary.

[FR Doc. 98-2675 Filed 1-29-98; 5:01 pm]

BILLING CODE 7710-FW-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39580; File No. SR-Amex-97-48]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by American Stock Exchange, Inc. Relating to Listing and Trading of Index Warrants on the Merrill Lynch 1998 Equity Focus Index

January 26, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 22, 1997, the American Stock Exchange, Inc. ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Amex. 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 Amex proposes to approve for listing and trading index warrants based on the Merrill Lynch 1998 Equity Focus Index ("Index"), an equal-dollar weighted index developed by Merrill Lynch, Pierce, Fenner & Smith, Inc. comprised of stocks (or American Depositary Receipts ("ADRs") thereon) which are traded on the New York Stock Exchange ("NYSE") or through the facilities of the National Association of Securities Dealers Automated Quotation system ("NASDAQ"). The text of the proposed rule change is available at the Office of the Secretary, the Amex 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 Amex included statements concerning the purpose of and basis for the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 Amex 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

Under Section 106, Currency and Index Warrants, of the Amex Company Guide, the Exchange may approve for listing index warrants based on foreign and domestic market indices. The Exchange represents that listing and trading of warrants on the Index will comply in all respects to Amex Rules 1100 through 1110 for the trading of stock index and currency warrants.

Warrant issues on the Index will conform to the listing guidelines under Section 106, which provide, among other things, that (1) the issuer must have tangible net worth in excess of \$250,000,000 and otherwise substantially exceed the earnings requirements of Section 101(A) of the *Company Guide* or meet the alternate criteria set forth in paragraph (a); (2) the term of the warrants shall be for a period ranging from one to three years from date of issuance; and (3) the minimum public distribution of such issues must be 1,000,000 warrants, together with a minimum of 400 public holders, and aggregate market value of \$4,000,000.

Index warrants will be direct obligations of their issuer subject to cash-settlement during their term, and either exercisable throughout their life (*i.e.*, American style) or exercisable only on their expiration date (*i.e.*, European style). Upon exercise, or at the warrant expiration date (if not exercisable prior to such date), the holder of a warrant structured as a "put" would receive payment in U.S. dollars to the extent that the Index has declined below a pre-stated index level. Conversely, holders of a warrant structured as a "call" would, upon exercise or at expiration, receive payment in U.S. dollars to the extent that the Index has increased above the pre-stated index level. If "out-of-the-money" at the time of expiration, the warrants would expire worthless. In addition, the Amex, prior to the commencement of trading, will distribute a circular to its membership calling attention to specific risks associated with warrants on the Index.

The Index

The Amex is proposing to list index warrants based on the Index, an equal-dollar weighted Index developed by Merrill Lynch, Pierce, Fenner & Smith Incorporated representing a portfolio of large, actively traded stocks representing various industries. According to the Amex, the total market capitalization of the Index totaled \$380 billion on December 10, 1997. The median capitalization of the companies in the Index on that date was \$9.4 billion and the average market capitalization of these companies was \$22 billion. The individual market capitalization of the companies ranged from \$1.7 billion to \$106 billion. Minimum monthly trading volume in the Index stocks ranged from approximately 330,000 shares to 54.4 million shares during the six month period from June through November 1997. According to the Exchange, 15 of the Index's 17 component securities meet the current criteria for standardized options trading set forth in Rule 915. Only two component securities, Telecom Italia SpA and Toyota Motor Corporation, are represented by ADRs and in both instances, comprehensive surveillance sharing arrangements are in place with the appropriate regulatory authorities in each relevant country. The Amex represents that no component security represents more than 25% of the weight of the index and the five highest weighted securities do not account for more than 50% of the weight of the Index.

The Index is calculated using an "equal-dollar weighting" methodology designed to ensure that each of the component securities is initially represented in an approximately "equal" dollar amount in the Index. Specifically, each security included in the Index will be assigned a multiplier on the date of issuance of the warrant so that each component represents an equal percentage of the value of the Index at that time. The multiplier indicates the number of shares of a security (or the fraction of one share), given its market price on an exchange or through NASDAQ, to be included in the calculation of the Index. Accordingly, each of the 17 companies included in the Index will present approximately 5.882 percent of the weight of the Index at the time of issuance of the warrant. The Index multipliers will be determined to yield an Index value of 100.00 on the date the warrant is priced for initial offering to the public.

As noted above, the multiplier of each of the 17 component stocks in the Index

portfolio remains fixed except in the event of certain types of corporate actions. Such corporate action includes the payment of a dividend other than an ordinary cash dividend, stock distribution, stock split, reverse stock split, reverse stock split, rights offering, distribution, reorganization, recapitalization, or similar event. The multiplier of each component stock may also be adjusted, if necessary, in the event of a merger, consolidation, dissolution or liquidation of an issuer or in certain other events such as the distribution of property by an issuer to shareholders, the expropriation or nationalization of an issuer or the imposition of certain foreign taxes on shareholders of a foreign issuer. Shares of a component stock may be replaced (or supplemented) with other securities under certain circumstances, such as the conversion of a component stock into another class of security, the termination of a depositary receipt program or the spin-off of a subsidiary. If the stock remains in the Index, the multiplier of that security in the portfolio may be adjusted to maintain the component's relative weight in the Index at the level immediately prior to the corporation action. In the event that a security in the Index is removed due to a corporate consolidation and the holders of such security receive cash, the cash value of such security will be included in the Index and will accrue interest at LIBOR to term, compounded daily.

Similar to other stock index values published by the Exchange, the value of the proposed Index will be calculated continuously and disseminated every 15 seconds over the Consolidated Tape Association's Network B.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act³ in general and furthers the objectives of Section 6(b)(5)⁴ in particular in that the rules are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

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

The proposed rule change will impose no burden on competition.

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(5).

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** 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 shall 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 in Washington, D.C. Copies of such filing will also be available for inspection and copying at the principal office of the Amex. All submissions should refer to File No. SR-Amex-97-48 and should be submitted by February 24, 1998.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 98-2526 Filed 2-2-98; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39581; File No. SR-CBOE-97-38]

Self-Regulatory Organizations; Order Granting Approval and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 1 to the Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to Listing and Trading Standards for Index Portfolio Receipts

January 26, 1998.

I. Introduction

On August 14, 1997, the Chicago Board Options Exchange, Inc., ("CBOE" or "Exchange") submitted to the Securities and Exchange Commission ("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 new Interpretation .02 to Rule 1.1, Rule 30.10, Interpretation .03 to Rule 30.20, Interpretation .01 to Rule 30.33, Rule 30.36, Rule 30.54, Rule 30.55, Rule 31.5 and Rule 31.94 to provide for the listing and trading of Index Portfolio Receipts ("IPRs"), which are securities issued by a unit investment trust and holding a portfolio of securities linked to an index.

The proposed rule change together with the substance of the proposal was published for comment in the **Federal Register** on October 9, 1997.³ No comments were received on the proposal. The Exchange filed Amendment No. 1 to the proposed rule filing on January 16, 1998.⁴ This order approves the proposal.

II. Background and Description

The Exchange proposes to adopt new Interpretation .02 to Rule 1.1, Rule 30.10, Interpretation .01 to Rule 30.33, Rule 30.36, Rule 30.54, Rule 30.55, Rule 31.5 and Rule 31.94 to accommodate trading on the CBOE of IPRs, *i.e.*, securities which are interests in a unit investment trust ("Trust") holding a portfolio of securities linked to an index. Each Trust will provide investors with an instrument that (i) closely tracks the underlying portfolio of securities, (ii) trades like a share of common stock,

and (iii) pays holders of the instrument periodic dividends proportionate to those paid with respect to the underlying portfolio of securities, less certain expenses (as described in the Trust prospectus).⁵

The proposed rules are substantially similar to existing rules of the American Stock Exchange ("AMEX") applicable to Portfolio Depositary Receipts ("PDRs"), which are substantively very similar to IPRs.⁶ IPRs will be issued by one or more Trusts to be formed by an entity serving as the sponsor for the Trusts (the "Sponsor").⁷ Upon receipt of securities and cash in payment for a creation order placed through the Distributor as described below, the Trustee will issue a specified number of IPRs referred to as a "Creation Unit."

Each series of IPRs will be based on a published index or portfolio of securities. IPRs of each such series are intended to produce investment results that generally correspond to the price and yield performance of the component common stocks of the selected index or portfolio. Each Trust will provide investors with an interest in a portfolio of securities that is intended to closely track the value of the index or portfolio on which it is based. IPRs will trade like shares of common stock and will pay periodic dividends proportionate to those paid

⁵ The CBOE has a request pending before the Division seeking exemptive, interpretive, or no-action relief from Rules 10a-1, 10b-7, 10b-10, 10b-13, 10b-17, 11d1-2, 15c1-5, 15c1-6 and Rules 101, 102 and 104 of Regulation M under the Act and Section 16 of the Act, relating to IPRs.

⁶ See File No. SR-AMEX-92-18 (adopting new rules related to the listing and trading of PDRs); SR-AMEX-95-16 (providing that the minimum tick applicable to the MidCap SPDR, a PDR product, will be 1/64 of \$1.00); SR-AMEX-94-52 (listing and trading of MidCap 400 SPDRs under the rules originally adopted to trade PDRs); SR-AMEX-93-41 (limiting the AMEX's liability in connection with its administration of proprietary indices and products); and SR-AMEX-92-45 (providing that the minimum tick applicable to SPDRs will be 1/32 of \$1.00).

⁷ The CBOE anticipates that all of the Trusts will be governed by a master trust agreement providing for the issuance, in series, of IPRs based on different underlying indices. The Sponsor will file (i) a registration statement under the Investment Company Act of 1940 ("Investment Company Act") registering the trust (consisting of such series of Trusts) as an investment company under the Investment Company Act, and (ii) a separate registration statement under the Securities Act of 1933 (the "Securities Act") registering the offer and sale of each series of IPRs. The Sponsor will also file an application under Section 6(c) of the Investment Company Act requesting exemption of the Trusts and the Sponsor from certain provisions of the Investment Company Act and permitting the Trusts and the Sponsor to engage in certain affiliated transactions otherwise prohibited by Section 17(d) of the Investment Company Act and Rule 17d-1 thereunder. The Commission notes that no Sponsor has been identified as of the date of the approval order.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 39189 (October 2, 1997), 62 FR 52798.

⁴ The amendment withdraws a proposed general exemption of IPRs from the Exchange's short sale rule. See letter from Ilan Huberman, Schiff, Hardin & Waite (CBOE counsel), to Kevin Ehrlich, Attorney, Division of Market Regulation ("Division"), Commission, dated January 16, 1998.

⁵ 17 CFR 200.30-3(a)(12).