

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 the Exchange's Transaction Fee Schedule in order to capitalize on the competitive niches that the Exchange currently enjoys and to improve the Exchange's competitive position in the overall marketplace. The Exchange plans to: (1) Eliminate the existing market order credit; (2) eliminate all transaction fees on BSE executed, non-self-directed, market and marketable limit orders up to and including 2,500 shares; and (3) implement a discount schedule for floor broker entered cross trades.

2. Statutory Basis

The statutory basis for this proposal is Section 6(b)(4) of the Act.¹

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

The Exchange 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

The foregoing rule change establishes or changes a due, fee, or other charge imposed by the Exchange and, therefore, has become effective pursuant to Section 19(b)(3)(A) of the Act and subparagraph (e) of Rule 19b-4 thereunder.² 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. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., 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 Section, 450 Fifth Street, NW., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-BSE-95-17 and should be submitted by February 13, 1996.

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

Margaret H. McFarland,
Deputy Secretary.

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[Release No. 34-36709; File No. SR-CBOE-95-72]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Incorporated Relating to the Effective Date of the Standing Assurance Provision Relating to the Requirement To Make Prior Arrangements or Obtain Other Assurances Before Short Selling

January 11, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on January 2, 1996, the Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") filed with the Securities and Exchange

Commission ("Commission" or "SEC") 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 hereby gives notice that it proposes to change the effective date of a certain aspect of a rule change, interpretation .04 to Rule 30.20, previously approved by the Commission.¹ The previously approved rule change relates to the requirement to make prior arrangements to borrow stock or to obtain other assurances that delivery can be made on settlement date before a member or person associated with a member may sell short. Specifically, the CBOE proposes to delay, until March 30, 1996, the effectiveness of that portion of Interpretation .04 to Rule 30.20 that prohibits CBOE members from using blanket assurances that securities are available for borrowing to satisfy their affirmative determination requirements.

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 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, the Proposed Rule Change

The purpose of this rule proposal is to delay the effectiveness of a certain aspect of a rule change previously approved by the Commission relating to the requirement to make prior arrangements to borrow stock, warrants, or other securities that trade subject to Chapter 30 of the Exchange's rules, or to otherwise ensure availability of the subject securities before engaging in

¹ 15 U.S.C. 78f(b)(4).

² 15 U.S.C. 78s(b)(3)(A) and 17 CFR 19b-4(e).

¹ See Securities Exchange Act Release No. 36245 (Nov. 27, 1995), 60 FR 62273 (Dec. 5, 1995).

short sales. Specifically, the CBOE proposes to delay, until March 30, 1996, the effectiveness of that portion of the rule change that prohibits CBOE members from using blanket or standing assurances that securities are available for borrowing to satisfy their affirmative determination requirements.

The previously approved rule requires members to annotate, on the trade ticket or some other record maintained for that purpose by the member firm, the following information:

1. if a customer assures delivery, the present location of the securities in question, whether they are in good deliverable form and the customer's ability to deliver them to the member within three (3) business days; or
2. if the member locates the stock, the member must annotate the identity of the individual and firm contacted who offered assurance that the shares would be delivered or were available for borrowing by settlement date and the number of shares needed to cover the short sale.

The rule also provides that the manner by which a member or person associated with a member annotates compliance with this "affirmative determination" requirement (e.g., marking the order ticket, etc.) is left for each individual member to decide. In addition, the rule clarifies that an affirmative determination and annotation of that affirmative determination must be made for each and every transaction since a "blanket" or standing assurance that securities are available for borrowing is not acceptable to satisfy the affirmative determination requirement ("standing assurance provision"). Thus, a firm that relies on a fax sheet or other standing assurance as to stock availability must annotate such reliance for each short sale transaction. By requiring firms to annotate each and every affirmative determination, the rule makes clear the CBOE's policy that firms cannot rely on daily fax sheets of "borrowable stocks" to satisfy their affirmative determination requirements under the Interpretation .04 to Rule 30.20.

As the rule change was filed for immediate effectiveness as a non-controversial rule change, the rule became operative thirty days after the rule change was filed with the Commission.² This rule is based upon a similar rule that has been adopted by the National Association of Securities Dealers ("NASD"). The NASD has

decided to delay the effectiveness of the standing assurance provision until February 20, 1996 because of the feedback from a broad spectrum of NASD members and because the NASD believes the standing assurance provision may have created an unnecessarily burdensome regulatory requirement on NASD members. As a result, the NASD is in the process of evaluating comments raised by market participants concerning the provision to determine what further action should be taken. The CBOE plans to consult with the NASD regarding their review of this provision and anticipates that it will decide whether it should take action regarding the standing assurance provision by March 30, 1996.

By delaying the effectiveness of the standing assurance provision until March 30, 1996, this rule proposal will give members an opportunity to take the necessary actions to comply with the rule. In addition, the delay will allow the CBOE to consult with the NASD to determine whether to retain this provision or modify it, thereby assuring that the CBOE rules are crafted to achieve their regulatory purpose in a manner that is the least burdensome for its membership. Therefore, CBOE, represents that the proposed rule change is consistent with Section 6 of the Act, in general, and furthers the objectives of Section 6(b)(4) of the Act in particular, in that it is designated by the Exchange as constituting a stated policy with respect to the enforcement of an existing rule.

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

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

Because the foregoing rule change constitutes a stated policy, practice or interpretation with respect to the enforcement of an existing CBOE rule, it has become effective pursuant to Section 19(b)(3)(A) of the Act and subparagraph (e) of Rule 19b-4 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 purpose of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. 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 in the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the CBOE. All submissions should refer to the File No. SR-CBOE-95-72 and should be submitted by February 13, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.³

Margaret H. McFarland,
Deputy Secretary.

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[Release No. 34-36723; File No. SR-CHX-95-29]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Chicago Stock Exchange, Incorporated Relating to Revisions to Its Rules in Connection With the Chicago Stock Exchange, Incorporated's Decision To Withdraw From the Clearance and Settlement and Securities Depository Businesses

January 16, 1996.

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 26, 1995, the Chicago Stock Exchange,

³ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

² It should be noted at this time the CBOE does not trade any product that would be subject to this rule, although, by its terms, the rule applies to transactions by CBOE members on another national securities exchange or in the over-the-counter market.