

standardized option traded in the United States.

Lastly, the Commission believes that settling expiring Index options (including full-value and reduced-value long-term Index options) based on the opening prices of component securities is reasonable and consistent with the Act. As has been noted previously, valuing index options for exercise settlement on expiration based on opening rather than closing prices of index component securities may help to reduce adverse effects on markets for such securities.²¹

The Commission finds good cause for approving Amendment No. 1 to the proposal prior to the thirtieth day after the date of publication of the notice of filing thereof in the Federal Register. Specifically, Amendment No. 1 strengthens the Exchange's proposal by eliminating from the Index the stock of one company which is expected to merge with another company and replacing one Index component which no longer meets the Amex's requirement for the hedging of gold production. In addition, Amendment No. 1 strengthens and clarifies the proposal by indicating that the Exchange will promptly notify the Commission if the Index fails to meet the maintenance criteria provided in the proposal and representing that the Index will be maintained so that foreign country securities or ADRs thereon that are not subject to comprehensive surveillance sharing agreements will not represent more than 20% of the weight of the Index. Accordingly, the Commission believes that it is consistent with Sections 6(b)(5) and 19(b)(2) of the Act to approve Amendment No. 1 to the proposal on an accelerated basis.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning Amendment No. 1. 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 at the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to the file number in the caption above and should be submitted by May 21, 1996.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²² that the proposed rule change (SR-Amex-96-08), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²³

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-10585 Filed 4-29-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37141; File No. SR-CBOE-96-13]

Self-Regulatory Organizations; Order Approving a Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to the Exchange's Member Death Benefit Program

April 24, 1996.

I. Introduction

On March 11, 1996, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") filed a proposed rule change with 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 to revise its Member Death Benefit Program to expand its coverage to include certain recently active members and to establish a defined benefit of \$50,000.

Notice of the proposal was published for comment and appeared in the Federal Register on March 20, 1996.³ No comment letters were received on the proposed rule change. This order approves the Exchange's proposal.

II. Background

The Exchange's Member Death Benefit Program is set forth in CBOE Rule 3.24 and functions in the following manner. The Member Death Benefit Program covers any natural person who is a nominee of a member organization, a Chicago Board of Trade exerciser, a

lessee of an Exchange membership, or an owner of an Exchange membership that is not being leased to a lessee. The Exchange refers to the foregoing individuals as "active members." Each active member designates a beneficiary under the Program. Upon the death of an active member, the Exchange pays a member death benefit to that member's designated beneficiary. The amount of the benefit is equal to the number of active members at the time of the member's death multiplied by \$25. Because this benefit is based on the number of active members, the amount of the benefit fluctuates as the number of active members fluctuates. As of December 31, 1995, there were 1,384 active members. Therefore, if a benefit were to have been paid on that date, it would have been equal to \$34,600. After a member death benefit has been paid under the Program, the Exchange bills each active member \$25 in order to recoup the cost of the benefit.

III. Description of the Proposal

The Exchange proposes to revise the Member Death Benefit Program in two primary respects. First, the Exchange proposes to expand the coverage of the Member Death Benefit Program to cover any individual who (i) was an active member within 90 days prior to the date of his or her death and (ii) was an active member during at least 274 out of the 365 days preceding the date of his or her last termination from active member status. This expanded coverage would be in addition to the Program's current coverage of any individual who is an active member at the time of his or her death. Second, the Exchange proposes to establish a defined member death benefit under the Program of \$50,000. This \$50,000 benefit would replace the current member death benefit under the Program which is based on the number of active members at the time of a member's death. Accordingly, instead of being billed \$25 by the Exchange after a member death benefit payout has occurred, under the proposed rule change each active member will be assessed an amount equal to \$50,000 divided by the number of active members at the time of the assessment.

The proposed rule change also makes two clarifications concerning the administration of the Member Death Benefit Program. First, the proposed rule change clarifies that in no event shall more than one member death benefit be paid by reason of the death on an individual who is eligible to receive the member death benefit. Second, the proposed rule change clarifies that the active members who will be assessed after a member death

²¹ See Securities Exchange Act Release No., 30944 (July 21, 1992), 57 FR 33376 (July 28, 1992).

²² 15 U.S.C. 78s(b)(2) (1988).

²³ 17 CFR 200.30-3(a)(12) (1995).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 36961 (March 13, 1996), 61 FR 11452.

benefit has been paid by the Exchange will be those individuals who are active members at the time of the assessment. The actual date upon which such assessments will occur will be at the discretion of the Exchange. Finally, the proposed rule change makes certain editorial changes to Rule 3.24 that do not affect its substance.

The purpose of the Member Death Benefit Program is to provide a death benefit to the designated beneficiaries of active members. The Exchange believes that the proposed rule change will further that purpose and provide for a fairer and more appropriate way to provide the member death benefit. For example, currently if an individual who has been an active member for three quarters of the previous year temporarily leaves his seat in order to take a short vacation, that individual would not be covered by the Member Death Benefit Program in the event that the individual were to pass away while on vacation. The same is true if the individual were to temporarily leave his seat because of an illness or accident and then were to pass away shortly thereafter. The proposed rule change is intended to cover these types of individuals under the Member Death Benefit Program because they have been active members for much of the year preceding the time of their death.

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act, in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act in particular, in that it is designed to (i) provide for the equitable allocation of reasonable dues, fees, and other charges among Exchange members and (ii) remove impediments to and perfect the mechanism of a free and open market and a national market system by serving to assist the Exchange in attracting and retaining active members through the enhancement of the financial security of their families in the event of their death.

IV. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, the requirements of Section 6(b) of the Act.⁴ The Commission believes that the Exchange's proposal is consistent with the Section 6(b)(5) requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, and, in general, to

protect investors and the public interest. The Commission further believes that the proposed rule change is consistent with Section 6(b)(4) of the Act, which requires the equitable allocation of reasonable dues and fees among members and persons using exchange facilities.

The Commission believes that proposed amended Rule 3.24 reasonably addresses the Exchange's interest in providing death benefits to an active member's designated beneficiary. Under proposed Rule 3.24, the Exchange establishes a defined benefit of \$50,000 to be paid to a designated beneficiary of an "active member", as defined above, upon which each active member will be assessed an amount equal to \$50,000 divided by the number of active members at the time of assessment. The Commission believes that the revised Member Death Benefit Program is reasonable and should provide enhanced benefits to a wider range of the Exchange's members.

It is Therefore Ordered, pursuant to Section 19(b)(2) of the Act,⁵ that the proposed rule change (File No. SR-CBOE-96-13) is approved.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-10643 Filed 4-29-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37140; File No. SR-CHX-95-25]

Self-Regulatory Organizations; Notice of Filing of Amendment Nos. 2, 3, and 4 to Proposed Rule Change by the Chicago Stock Exchange, Incorporated Relating to the Establishment of a Minor Rule Violation Procedure and Reporting Plan

April 23, 1996.

Pursuant to Sections 19 (b)(1) and (d)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s (b)(1) and (d)(1), and Rules 19b-4 and 19d-1(c)(2) thereunder,¹ notice is hereby given that on October 11, 1995, the Chicago Stock Exchange, Incorporated ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change,² and on December 8, 1995 filed

⁵ 15 U.S.C. 78s(b)(2).

⁶ 17 CFR 200.30-3(a)(12).

¹ 17 CFR 240.19b-4 and 19d-1(c)(2).

² The Exchange has submitted to the SEC concurrently with the proposed rule change a minor rule violation reporting plan in accordance with Rule 19d-1(c)(2) under the Act. See Letter from

Amendment No. 1 thereto.³ The original filing, as amended by Amendment No. 1, was published for comment in Securities Exchange Act Release No. 36576 (December 12, 1995), 60 FR 65362 (December 19, 1995). On January 17, 1996 the Exchange submitted to the Commission Amendment No. 2 to the proposed rule change,⁴ on March 5, 1996 the Exchange submitted Amendment No. 3 to the proposed rule change,⁵ and on April 17, 1996 the Exchange submitted Amendment No. 4 to the proposed rule change.⁶ The proposed rule change, as amended, is described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

In the original filing as amended by Amendment No. 1, the Exchange proposed to add a minor rule violation procedure ("Procedure") as Article XII, Rule 9 of the Exchange's rules, adopt a minor violation reporting plan ("Plan"),⁷ and renumber existing Article

David Rusoff, Attorney, Foley & Lardner, to Glen Barrentine, SEC, dated October 6, 1995.

³ See Letter from David T. Rusoff, Attorney, Foley & Lardner, to Glen Barrentine, SEC, dated December 8, 1995 ("Amendment No. 1").

⁴ See Letter from David T. Rusoff, Attorney, Foley & Lardner, to Jon Kroeper, Attorney, SEC, dated January 12, 1996 ("Amendment No. 2").

⁵ See Letter from David T. Rusoff, Attorney, Foley & Lardner, to Glen Barrentine, SEC, dated March 3, 1996 ("Amendment No. 3").

⁶ See Letter from David T. Rusoff, Attorney, Foley & Lardner, to Jon Kroeper, Attorney, SEC, dated April 16, 1996 ("Amendment No. 4").

⁷ In Securities Exchange Act Release No. 21013 (June 1, 1984), 49 FR 23828 (June 8, 1994), the SEC adopted amendments to paragraph (c) of Rule 19d-1 to allow self-regulatory organizations to submit for SEC approval plans for the abbreviated reporting of minor disciplinary infractions. Under the amendments, any disciplinary action taken by a self-regulatory organization against any person for violation of a rule of the self-regulatory organization that has been designated as a minor rule violation pursuant to a plan filed with the SEC shall not be considered "final" for purposes of Section 19(d)(1) of the Act if the sanction imposed consists of a fine not exceeding \$2,500 and the sanctioned person has not sought an adjudication, including a hearing, or otherwise exhausted his or her administrative remedies with respect to the matter.

The SEC has approved minor disciplinary rule plans by virtually every stock exchange and the National Association of Securities Dealers, Inc. See, e.g., Securities Exchange Act Release No. 21918 (April 3, 1985), 50 FR 14068 (April 9, 1985) (File No. 4-260) (Amex); Securities Exchange Act Release No. 22415 (September 17, 1985), 50 FR 38600 (September 23, 1985) (File No. 4-284) (NYSE); Securities Exchange Act Release No. 22654 (November 21, 1985), 50 FR 48853 (November 27, 1985) (File No. 4-285) (PSE).

⁴ 15 U.S.C. 78f(b).