

abuses arising from the Index's increased position and exercise limits.

Lastly, the Exchange submitted data comparing the Index to several other broad-based indexes, including the CBOE's Nasdaq 100 Index, which is comprised of OTC stocks similar to those companies in the XOC.<sup>22</sup> The Commission believes that the comparative data confirms that the proposed increase in the Index's position and exercise limits to 25,000 contracts are comparable to those of similar indexes which trade on other options exchanges.

#### IV. Conclusion

For the foregoing reasons, the Commission finds that the Phlx's proposal to increase the position and exercise limits of the Index from 17,000 to 25,000 contracts is consistent with the requirements of the Act and the rules and regulations thereunder. In addition, the Commission notes that the change in position and exercise limits on the XOC does not become effective until after the expiration of the June 1996 option series.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>23</sup> that the proposed rule change (SR-Phlx-95-38) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>24</sup>

Margaret H. McFarland,

*Deputy Secretary.*

[FR Doc. 96-1363 Filed 1-25-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-36744; File No. SR-Phlx-95-92]

#### **Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to the Listing and Trading of Options on the PHLX OTC Industrial Average Index**

January 19, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 21, 1995, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. On December 29, 1995, the Exchange filed with the Commission Amendment No. 1 to the proposed rule change.<sup>3</sup> 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 Exchange proposes to list and trade options on the Phlx OTC Industrial Average Index ("OTC Industrial Index" or "Index"), a price weighted index developed by the Phlx composed of ten of the largest stocks, by capitalization, traded through the National Association of Securities Dealers Automated Quotations system and are reported national market system securities ("NASDAQ/NMS"). The text of the proposed rule change is available at the Office of the Secretary, the Exchange, 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 Exchange included statements

concerning the purpose of and basis for the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Section (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 Phlx proposes to list for trading an European-style option<sup>4</sup> on the Phlx OTC Industrial Average Index which is composed of ten of the largest capitalized common stock issues traded through NASDAQ/NMS representing diversified industries including Telecommunications, Pharmaceuticals, Semiconductors, and Data Processing.<sup>5</sup>

The Phlx believes there are numerous benefits to listing the OTC Industrial Index options. First, the Exchange believes that the OTC Industrial Index will appeal to individual investors as well as program and basket traders because the Index reflects the direction and pricing of some of the nation's most important and heavily traded companies. These stocks are frequently found in investor and trader portfolios alike. Second, because the OTC Industrial Index is based on a relatively small number of actively traded stocks, replication of the Index for hedging purposes with underlying stocks can be readily accomplished with complete accuracy. Third, the Exchange does not believe that the OTC Industrial Index will be susceptible to manipulation because the stocks comprising the OTC Industrial Index are some of the largest and most widely held common stocks. Furthermore, all of the component stocks in the Index are options eligible and have overlying options currently trading.

The formula for calculating the OTC Industrial Index is as follows:

$$\text{Index Value} = \frac{SP_1 + SP_2 + SP_3 + \dots + SP_{13}}{\text{divisor}} \times 100$$

SP = the stock price of each component.

<sup>22</sup> See also *supra* notes 14-15.

<sup>23</sup> 15 U.S.C. § 78s(b)(2) (1988).

<sup>24</sup> 17 CFR 200.30-3(a)(12) (1994).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> The Exchange amended the proposed rule change to indicate that the Index will be treated as

a narrow based index. See Letter from Nandita Yagnik, New Product Development, Phlx, to John Ayanian, Attorney, Office of Market Supervision ("OMS"), Division of Market Regulation ("Market Regulation"), Commission, dated December 27, 1995 ("Amendment No. 1").

<sup>4</sup> European-style options can be exercised only during a specific time period prior to expiration of the options.

<sup>5</sup> The components of the Index are: Amgen, Inc.; Applied Materials; Bay Networks, Inc.; CISCO Systems; Intel Corp.; Microsoft Corp.; MCI Communications; Oracle Corp.; Sun Microsystems; and Tele Communications, Inc.

The current price of each component issue is added and multiplied by 100 shares to determine the current aggregate market value of the issues in the Index. To compute the current Index value, the aggregate market value is divided by the divisor. The Index value was set at a starting value of 150 as of November 1, 1995.

In order to maintain continuity in the value of the Index, the Index divisor will be adjusted for changes in capitalization of any of the component issues resulting from, among other things, mergers, acquisitions, delistings, and substitutions. Adjustments in the value of the Index which are necessitated by the addition and/or the deletion of an issue from the Index are made by adding and/or subtracting the market value (price times shares outstanding) of the relevant issues. The value of the Index as of the close of trading on Friday, January 4, 1996 was 279.27.

The Index value will be updated dynamically at least once every 15 seconds during the trading day. The Phlx has retained Bridge Data, Inc. to compute and do all necessary maintenance of the Index. Pursuant to Phlx Rule 1100A, updated Index values will be disseminated and displayed by means of primary market prints reported by the Consolidated Tape Association and over the facilities of the Options Price Reporting Authority. The Index value will also be available on broker/dealer interrogation devices to subscribers of the option information.

In accordance with Phlx Rule 1009A, if any change in the nature of any stock in the Index occurs as a result of delisting, merger, acquisition or otherwise, the Exchange will take appropriate steps to delete that stock from the Index and replace it with another stock which the Exchange believes would be compatible with the intended market character of the Index. In making replacement determinations, the Exchange will also take into account the capitalization, liquidity, and volatility of a particular stock.

The Exchange represents that all of the stocks comprising the Index are options eligible<sup>6</sup> and have overlying options currently trading. At least 90%

of the component issues, by weight, and 80% of the number of stocks, must be options eligible at all times.<sup>7</sup> If at any time the Index does not meet the 90%/80% requirement, the Exchange will submit a Rule 19b-4 filing to the Commission before opening any new series of options on the Index for trading. Additionally, if at any time, the Exchange determines to increase to more than thirteen or decrease to fewer than seven, the number of component issues in the Index, the Exchange will submit a new Rule 19b-4 filing.

The settlement value for the Index options will be based on the opening values of the component securities on the date prior to expiration. Index options will expire on the Saturday following the third Friday of the expiration month, and the last day for trading in an expiring series will be the second business day (ordinarily a Thursday) preceding the expiration date.

The Phlx proposes to employ the same position and exercise limits applicable to the Exchange's other narrow-based indexes pursuant to Phlx Rule 1001A(b)(i) and 1002A, respectively. Exercise prices will be initially set at 5 point intervals and additional exercise prices will be added in accordance with Phlx Rule 1101A(a).

As with the Exchange's other indexes, the multiplier for options on the OTC Industrial Index will be 100. The OTC Industrial Index options will trade from 9:30 a.m. to 4:10 p.m. eastern time.

The Phlx will trade consecutive and cycle month series pursuant to Phlx Rule 1101A. Specifically, there will be three expiration months from the March, June, September, December cycle plus two additional near-term months so that the three nearest term months will always be available.

OTC Industrial Index options will be traded pursuant to current Phlx rules governing the trading of index options.<sup>8</sup> The Exchange notes that procedures currently used to monitor trading in each of the Exchange's other index options will also be used to monitor the trading of options on the OTC Industrial Index. These procedures included having complete access to trading activity in the underlying securities which are all traded on the NYSE via the Intermarket Surveillance Group Agreement ("ISG Agreement") dated

July 14, 1983, as amended on January 29, 1990.

The Exchange believes that the proposed rule change is consistent with Section 6 of the Act, in general, and furthers the objectives of Section 6(b)(5),<sup>9</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to facilitate transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market.

#### *(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**

Within 35 days of the date of publication of this notice in the Federal Register or 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. 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

<sup>6</sup> The Phlx's options listing standards, which are uniform among the options exchanges, provide that a security underlying an option must, among other things, meet the following requirements: (1) the public float must be at least 7,000,000 shares; (2) there must be a minimum of 2,000 stockholders; (3) trading volume in the U.S. must have been at least 2.4 million over the preceding twelve months; and (4) the U.S. market price must have been at least \$7.50 for a majority of the business days during the preceding three calendar months. See Phlx Rule 1009, Commentary .01.

<sup>7</sup> Telephone conversation between Michele Weisbaum, Associate General Counsel, Phlx, and John Ayanian, Attorney, OMS, Market Regulation, Commission, on January 18, 1996.

<sup>8</sup> See Phlx Rules 1000A through 1103A, and 1000 through 1070.

<sup>9</sup> 15 U.S.C. § 78f(b)(5) (1988).

available for inspection and copying at 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 PHLX. All submissions should refer to SR-Phlx-95-92 and should be submitted by February 16, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

Margaret H. McFarland,  
*Deputy Secretary.*

[FR Doc. 96-1364 Filed 1-25-96; 8:45 am]

BILLING CODE 8010-01-M

## SMALL BUSINESS ADMINISTRATION

[Application No. 99000180]

### Enterprise Fund, L.P.; Notice of Filing of Application for a License To Operate as a Small Business Investment Company

Notice is hereby given of the filing of an application with the Small Business Administration (SBA) pursuant to Section 107.102 of the Regulations governing small business investment companies (13 CFR 107.102 (1995)) by Enterprise Fund, L.P., 150 North Meramec, Clayton, Missouri 63105-3753 for a license to operate as a small business investment company (SBIC) under the Small Business Investment Act of 1958, as amended, (15 U.S.C. et. Seq.), and the Rules and Regulations promulgated there under. Enterprise Fund, L.P., is a Delaware limited partnership. The Fund investments will be made primarily in small business concerns located in the St. Louis, Missouri metropolitan area. Enterprise Fund, L.P. may also consider investments in the Eastern Missouri and Southern Illinois regions, and the Fund may make a limited number of investments in businesses located within a 250-mile radius of St. Louis.

The General Partner of Enterprise Fund, L.P. is Enterprise Capital Management, Inc. The president of the General Partner is Joseph D. Garea. Mr. Garea has extensive experience in banking, finance, and investment analysis.

Enterprise Fund, L.P. will begin operations with committed capital of \$10,050,000 and will be a source of equity and debt financings for qualified small business concerns. The SBIC GP will not engage in any business other than serving as general partner of the

applicant. The applicant will operate without SBA leverage. The following limited partners will own 10 percent or more of the proposed SBIC:

#### *Name and Percentage of Ownership*

General American Insurance Co., c/o Leonard Rubenstein, 700 Market Street, St. Louis, MO 63101: 30%  
Enterbank Holdings, Inc., c/o James C. Wagner, 150 N. Meramec, Clayton, MO 63105: 10%

Investments are contemplated in various manufacturing, distribution, and service businesses where the portfolio company's position offers growth potential through increased market share or growth in the market or niche. No industry is specifically targeted or excluded; however, the mix of portfolio companies is expected to mirror the general business population of the region. Investments in high technology companies, restaurants, or companies in those industries prohibited in the regulations promulgated by the SBA will not be pursued.

Matters involved in SBA's consideration of the application include the general business reputation and character of the proposed owners and management, and the probability of successful operations of the new company under their management, including profitability and financial soundness in accordance with the Act and Regulations.

Notice is hereby given that any person may, not later than 15 days from the date of publication of this Notice, submit written comments on the proposed SBIC to the Associate Administrator for Investment, Small Business Administration, 409 Third Street, SW, Washington, D.C. 20416.

A copy of this Notice will be published in a newspaper of general circulation in Clayton, Missouri.

(Catalog of Federal Domestic Assistance Programs No. 59.011, Small Business Investment Companies.)

Dated: January 22, 1996.

Don A. Christensen,

*Associate Administrator for Investment.*

[FR Doc. 96-1278 Filed 1-25-96; 8:45 am]

BILLING CODE 8025-01-P

[Application No. 99000179]

### Wells Fargo Small Business Investment Company, Inc.; Notice of Filing of Application for a License To Operate as a Small Business Investment Company

Notice is hereby given of the filing of an application with the Small Business Administration (SBA) pursuant to

Section 107.102 of the Regulations governing small business investment companies (13 CFR 107.102 (1995)) by Wells Fargo Small Business Investment Company, Inc., One Montgomery Street, West Tower, Suite 2530, San Francisco, CA 94104 for a license to operate as a small business investment company (SBIC) under the Small Business Investment Act of 1958, as amended, (15 U.S.C. et. seq.), and the Rules and Regulations promulgated there under. Wells Fargo Small Business Investment Company, Inc., is a California corporation. The Fund's principal geographic operating area will be California, however the applicant may from time to time review selective opportunities throughout the United States.

The applicant's only stockholder is Wells Fargo Equity Capital, Inc. There is only one class of stock. All shares have equal voting rights regarding dividends, liquidation and other organic matters, all in accordance with the laws of the State of California. The stock is not subject to redemption. The responsible managers of the applicant are Richard R. Green, President, and Steven W. Burge, Managing Director. Both Mr. Green and Mr. Burge will devote as much of their time as is necessary to manage the affairs of the applicant. Both Mr. Green and Mr. Burge have extensive experience in banking, finance, and investment analysis.

The initial capitalization of \$5,000,000 has been provided by Wells Fargo Equity Capital, Inc., the applicant's parent. The applicant will operate without SBA leverage. The following shareholders will own 10 percent or more of the proposed SBIC:

#### *Name and Percentage of Ownership*

Wells Fargo Equity Capital, Inc., One Montgomery Street, West Tower, Suite 2530, San Francisco, CA 94104: 100%

The applicant intends to support the growth and development of small business concerns in the State of California through a focus on the capital needs of small but viable enterprises that fall into the main stream of American business. The applicant expects to contribute to the small business community by establishing itself as a reliable source of supplementary risk capital having different industry interests and different investment criteria than may be generally available in the market place.

Matters involved in SBA's consideration of the application include the general business reputation and character of the proposed owners and management, and the probability of

<sup>10</sup> 17 CFR 200.30-3(a)(12).