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 Amex. All submissions should refer to File Number SR–AMEX–96–36 and should be submitted by December 23, 1996.

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

Margaret H. McFarland,

Deputy Secretary.

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[3] 17 CFR 200.30–3(a)(12).

(Release No. 34–37968; File No. SR–CBOE–96–66)

November 20, 1996.

Self-Regulatory Organizations; Notice of Filing and Summary Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Inc. Relating to Changing the Designated Reporting Authority for the Exercise Settlement Values of Yield-Based Options on Treasury Securities

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 November 5, 1996, the Chicago Board Options Exchange, Inc. (''CBOE'' 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 self-regulatory organization. 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 proposed rule filing changes the designated reporting authority for the exercise settlement values of yield-based options on Treasury securities.

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 change the designated reporting authority for closing exercise settlement values of yield-based options on Treasury securities (referred to herein as ''interest rate options'') from the Federal Reserve Bank of New York (''FRBNY'') to GovPX (''GovPX'') a leading independent provider of financial data. On October 3, 1996, the FRBNY announced that it was discontinuing dissemination of its Composite 3:30 p.m. Quotations for U.S. Government Securities. FRBNY disseminated its last Composite Quotation on Tuesday, October 15, 1996. In accordance with the designation of FRBNY as the reporting authority for exercise settlement values of interest rate options in Interpretation and Policy .01 under Rule 23.1, CBOE had previously used FRBNY quotations to determine the exercise settlement values of interest rate options on the yield of the most-recently auctioned 90-day, five-year, ten-year and thirty-year government securities (IRX, FVX, TNX, and TYX, respectively).

Since FRBNY is no longer disseminating these values, CBOE has determined to designate GovPX as the replacement reporting authority, and proposes to amend Interpretation and Policy 23.1.01 to reflect this designation and to make a conforming amendment to Interpretation and Policy 23.1.02. CBOE will use the 3:00 p.m. (Eastern time) yield quotations disseminated by GovPX on the last trading day prior to the expiration of interest rate options as the basis for the exercise settlement values that it will report to OCC in accordance with CBOE rules.

CBOE has been advised that yield quotations disseminated by GovPX are based on quotations of bids and offers in the Treasury securities market that GovPX obtains from five of the six inter-dealer brokers in that market (Garban, Hilliard Farber, Liberty, RMJ, and Tullett). The bids and offers from these five inter-dealer brokers represent the best bids and offers for each Treasury security obtained from 38 primary dealers.[1] At 3:00 p.m. each day GovPX selects the best bid and best offer for each Treasury security from those provided by the five inter-dealer brokers. GovPX then disseminates that best bid and offer, and a average, for each Treasury security. CBOE uses that average as its exercise settlement value for expiring interest rate options.[2] CBOE understands that FRBNY itself is now using GovPX yield quotes for its own internal purposes, instead of the Composite Quotes that it used to obtain from a daily survey of dealers.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act[3] in general and furthers the objective of Section 6(b)(5) in particular in that by providing a reliable source for determining the exercise settlement values of interest rate options when the reporting authority previously relied upon for this purpose has discontinued reporting such values, it will facilitate exercise transactions in these securities and will therefore protect investors and the public interest.

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 either solicited or received with respect to the proposed rule change.

[1] Inter-dealer brokers are brokers' brokers. They broker transactions between primary dealers in Treasury securities. In this role they are well placed to observe market conditions.

[2] Telephone conversation between Eileen Smith, CBOE, and Steve Youhn, SEC, and Heather Seidel, SEC, on November 19, 1996.

[3] 15 U.S.C. 78f(b).

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has been put into effect summarily under Section 19(b)(3)(B) of the Act and publication of notice is being made, pursuant to the requirement of Section 19(b)(3)(B) of the Act that proposed rule changes put into effect summarily be filed thereafter in accordance with the provisions of Section 19(b)(1).[4] The rule change was put into effect summarily pursuant to Section 19(b)(3)(B) of the Act because such action was necessary for the protection of investors, the maintenance of fair and orderly markets, or the safeguarding of securities or funds.[5] 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, 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 Room. 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–CBOE–96–66 and should be submitted by December 23, 1996.

[4] The Commission notes that the proposed rule change was summarily approved on October 17, 1996. Telephone conversation between Michael Meyer, outside counsel to CBOE, and Howard Kramer, Senior Associate Director, SEC, on October 17, 1996.

[5] The Commission notes that the change ensured that there was a settlement value available for the yield-based options on Treasury securities. *See* discussion *supra.*

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–30530 Filed 11–29–96; 8:45 am]

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[Release No. 34–37976; File No. SR–NSCC–96–15]

November 25, 1996.

Self-Regulatory Organizations; National Securities Clearing Corporation; Order Approving a Proposed Rule Change To Process Corporate Reorganizations Involving Elections Through NSCC's Continuous Net Settlement System

On August 7, 1996, the National Securities Clearing Corporation (''NSCC'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change (File No. SR–NSCC–96–15) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'').[1] On August 9, 1996, and October 1, 1996, NSCC amended the proposed rule change.[2] Notice of the proposal was published in the Federal Register on October 21, 1996.[3] No comment letters were received. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

I. Description

Through its CNS Reorganization Processing System, NSCC offers its members a service whereby they can process within NSCC's CNS system transactions in certain securities undergoing corporate reorganizations (hereinafter collectively referred to as ''tender offers''). With this rule change, NSCC will expand this service to allow its members to obtain a guarantee of performance pursuant to the terms of tender offers which require shareholders to make an election between two types of assets (*e.g.*, stock or cash) through NSCC's CNS system.

Generally, a person who wishes to participate in a tender offer must notify the tenderer of its decision prior to the expiration of the tender offer. All shares to be exchanged in the tender offer must be delivered to the tenderer prior to the end of the protect period, which is typically three days after the end of the expiration of the offer.[4] However, participants with long positions at NSCC (''long participants'') are dependent upon the delivery of the securities by participants with short positions at NSCC (''short participants'') prior to the end of the protect period. If short participants do not deliver in time, the long participants are not able to participate in the offer.

Under its current service, NSCC guarantees to participants with long positions in some securities subject to a tender offer the delivery of funds or securities pursuant to the terms of the tender offer. If a long participant has elected to use this service and to have NSCC guarantee the delivery pursuant to the terms of the tender offer, certain short participants will be liable for delivery to the long participant of the consideration the long participant would have received pursuant to the terms of the tender offer. The rule change expands this service and provides members with long positions in securities subject to a tender offer with an election as to consideration to receive protection for receipt of the tender offer consideration.

Once NSCC receives timely notification of a tender offer and starting two business days prior to the expiration of an offer, long participants and short participants with positions in the subject security will receive information regarding the offer each business day on the CNS reorganization information report. On the day prior to the expiration of the protect period in a tender offer with an option as to the consideration to be received, long participants will be permitted to elect their preferences (*e.g.*, cash or securities) by submitting electronic instructions to NSCC through DTC's PTS Terminal system. Such participants will receive a preliminary protection report. On the same day, NSCC will issue a report to short participants advising them of their potential liability in the security if delivery is not made by the next business day.

If enough short participants deliver securities prior to the close of business of the day the protect period expires, NSCC will redeliver these securities to long participants. Such participants can then participate in the tender offer outside the facilities of NSCC. If not enough short participants deliver securities to meet all delivery

[1] 15 U.S.C. § 78s(b)(1) (1988).

[2] Letters from Julie Beyers, Associate Counsel, NSCC, to Jerry Carpenter, Assistant Director, Division of Market Regulation, Commission (August 8, 1996, and September 27, 1996, as revised October 1, 1996).

[3] Securities Exchange Act Release No. 37818 (October 11, 1996), 61 FR 54695.

[4] The purpose of the protect period is to accommodate persons who purchase securities on the expiration date with the intention of participating in the tender offer. Such persons generally will not receive the securities to forward to the tenderer until the settlement date three business days later.