SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Extension.

Reproposed Rule 13h–1, SEC File No. 270–358, OMB Control No. 3235–0408.

Rule 19d–2, SEC File No. 270–204, OMB Control No. 3235–0205.

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (''Commission'') has submitted to the Office of Management and Budget requests for approval of extension on previously approved collections of information:

Reproposed Rule 13h–1 was proposed pursuant to Section 13 of the Securities Exchange Act of 1934 (the ''Act'').[1] Rule 13h–1 will enable the Commission to gather timely large trader information in the form necessary for the reconstruction of trading activity in periods of market stress and for surveillance, enforcement, and other regulatory purposes. Without this information, the Commission would not be able to perform the reconstructions of trading activity necessary for evaluating periods of markets stress and other regulatory purposes.

The staff estimates that there are 630 broker-dealers that will be subject to the recordkeeping and reporting requirements of the reproposed rule. In addition, the staff estimates, based upon analysis of previous requests for similar information, that 750 investors will be large traders subject to the identification requirements of the reproposed rule. Therefore, the Staff estimates that there will be (630+750=1,380) 1,380 respondents under the reproposed rule.

Precise cost estimates are impossible to calculate because the commentators on the original proposal did not provide specific details on costs. Nevertheless, the staff estimates that annually the 1,380 respondents will require approximately 11,444 hours to comply with the reproposed rule. Further, the staff estimates that, on average, each response hour will cost approximately $12.00, and therefore the total annual cost of complying with the rule will be approximately $137,328.

Rule 19d–2 under the Act prescribes the form and content of applications of the Commission by persons desiring stays of final disciplinary sanctions and summary action of self-regulatory organizations (''SROs'') for which the Commission is the appropriate regulatory agency.

It is estimated that approximately 30 respondents will utilize this application procedure annually, with a total burden of 90 hours, based upon past submissions. The staff estimates that the average number of hours necessary to comply with the requirements of Rule 19d–2 is 3 hours. The average cost per hour is approximately $30. Therefore, the total cost of compliance for the respondents is $2,700.

General comments regarding the estimated burden hours should be directed to the Desk Officer for the Securities and Exchange Commission at the address below. Any comments concerning the accuracy of the estimated average burden hours for compliance with Commission rules and forms should be directed to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549 and Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 3208, New Executive Office Building, Washington, D.C. 20503.

Dated: February 26, 1997.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–5372 Filed 3–4–97; 8:45 am]

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[1] Section 13 of the Act was amended by the addition of Subsection (h) (15 U.S.C. § 78m(h) (1990)) when Section 3 of the Market Reform Act of 1990 (Pub. L. No. 101–432, 104 Stat. 963 (1990)) was enacted.

[Release No. 34–38342; File No. SR–CBOE–97–03]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Inc. Relating to Options on Interests in Listed, Open-End, Indexed Investment Companies

February 26, 1997.

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 22, 1997, 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 CBOE proposes the adoption of rules to permit the trading of options on interests in listed, open-end, investment companies that hold a portfolio of securities comprising or based on a broad-based stock index.

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, 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 the proposed rule change is to provide for the trading of options on listed shares or units of open-end, indexed, investment companies. For purposes of this filing, indexed investment companies are those that hold a portfolio of securities comprising or based on a designated broad-based stock index such that the investment company is designed to provide investment results that substantially correspond to the price and yield performance of the designated index. The kinds of shares or units issued by open-end, investment companies that are within the scope of the proposed rule change include listed shares issued by open-end, managed investment companies or by series of such funds, or listed interests in open-end unit investment trusts (''UITs'') that have as their assets either an indexed portfolio of equity securities or shares of an open-end investment company that holds such a portfolio. (Shares or other interests in investment companies are herein referred to as ''shares.''). ''Listed'' shares are those that are principally traded on a national securities exchange or through the facilities of a national

securities association and reported as a ''national market security.''

The open-end investment companies that qualify as underlying securities for options under this proposal continuously offer to sell their shares or interests at net asset value, although in some cases the offering of such shares may be made only in large block-size units (sometimes referred to as ''Creation Units'') in exchange for an in-kind deposit of the underlying indexed portfolio of securities (or in the case of UITs holding shares of an indexed fund, an in-kind deposit of shares of the indexed fund) and a specified amount of cash to make the deposit equal the net asset value of the fund shares being purchased. Thus, it will always be possible for a person to purchase block-size units of shares of an underlying fund or UIT at net asset value by means of an in-kind deposit. The value of a Creation Unit varies from fund to fund, but it generally is of substantial size.[1]

Similarly, redemptions of shares of underlying investment companies may always be made at net asset value, although, as for purchases, in some cases redemptions may be made only in block-size Creation Units, in which case payment of redemption proceeds will be made only in the form of an in-kind distribution of the securities comprising the underlying indexed portfolio or shares of the underlying indexed fund.

Options on open-end investment companies are proposed to be traded on CBOE pursuant to the same rules and procedures that apply generally to trading in options on equity securities or indexes of equity securities, except that special listing criteria are proposed to apply to this category of options, and these options are proposed to be subject to position and exercise limits on the same basis as broad-based index options.

The listing standards proposed for options on open-end investment companies are set forth in proposed Interpretation and Policy. .06 under CBOE Rule 5.3 and in Interpretation .10 under CBOE Rules 5.4. These standards, which provide for the listing of European-style options only, are substantially the same as those that have been applied to the initial and continued listing of various open-end investment companies on other securities exchanges. There is also the requirement, comparable to that which applies to index options, that the preponderant weight of a non-U.S. index must be represented by stocks traded on exchanges that have entered into surveillance sharing agreements with the Exchange. CBOE's proposed listing standards provide that there will be no opening transactions in investment company options and all such options will trade on a liquidation-only basis if the underlying investment companies should cease to trade on an exchange or as national market securities in the over-the-counter market. Conforming the listing standards for options on open-end investment companies to those applicable to the underlying investment companies themselves assures that options may be considered for listing on CBOE on all open-end investment companies that are themselves listed on an exchange or on Nasdaq.

This in turn should be beneficial to investors in listed investment companies enabling them to adjust the risks and rewards of their investments to suit their individual needs. The ability of these options should also add to the depth and liquidity of the market for the underlying investment companies by permitting market makers in that market to hedge the risks of their market-making activities.

Exchange maintenance listing standards for open-end investment companies do not include criteria based on either the number of shares or other units outstanding or on their trading volume.[2] The CBOE believes the absence of such criteria is justified on the ground that since it should always be possible to create additional shares or other interests in open-end investment companies at their net asset value by making an in-kind deposit of the securities that comprise the underlying index or portfolio, there is no limit on the available supply of such shares or interests. This, in turn, in the CBOE's view, should make it highly unlikely that the market for listed, open-end investment company shares could be capable of manipulation, since whenever the market price for such shares departs from net asset value, there will be arbitrage opportunities either to purchase or redeem shares at net asset value that should bring prices back in line.

For this same reason, there is not the same need for option position and exercise limits to protect the underlying market against squeezes and other types of manipulation as their may be for options or securities that are not open-ended. Furthermore, in the absence of any maintenance listing requirements in the underlying market that call for a minimum number of shares or units or for minimum trading volume, position and exercise limits are not meaningful as a percentage of either of these measures. Nevertheless, CBOE is proposing to subject options on indexed, open-end, listed investment companies to the same position and exercise limits that currently apply to indexed European-exercise style options generally. After some period of experience with these limits, CBOE may propose their relaxation or elimination, but any such proposal would be subject to being filed and approved under section 19(b)2) of the Securities Exchange Act of 1934.

Reflecting the indexed nature of the underlying portfolios of the investment companies on which options are proposed to be traded, the Exchange proposes to amend Interpretation and Policy .01 under Exchange Rule 5.5 to provide that the minimum strike price intervals for these options will be $2.50 where the strike price is $200 or less, and $5.00 where the strike price is over $200. These are comparable to the strike price intervals provided in Interpretation and Policy .01 under Exchange Rule 24.9, as applicable to broad-based index options having strike prices at about the level expected for listed investment company options.

Margin requirements are proposed for options on listed investment companies at the same levels that apply to options generally under Exchange Rule 12.3, except that, reflecting the indexed nature of underlying portfolios of these investment companies, minimum margin must be deposited and maintained equal to 100% of the current market value of the option plus 15% (instead of 20%) of the market value of equivalent units of the underlying security value. In this respect, the margin requirements proposed for options on listed, indexed investment companies are comparable to margin requirements that currently apply to

[1] For example, Creation Units for the series of indexed open-end management investment companies approved for listing on the American Stock Exchange and known as ''WEBs'' represent from 80,000 to 600,000 shares, which were valued from $450,000 to $10,000,000, depending on the series, at the time the Amex rules applicable to WEBs were approved. See Securities Exchange Act Release No. 36947 (March 8, 1996) (order approving Amex Rules applicable to WEBs). Similarly, a Creation Unit for listed UITs indexed to the S&P 500 Index represents 50,000 units, valued at $3,750,000 at the current level of that Index.

[2] See, for example, the maintenance listing standards contained in Amex Rules 1002(b) and 1002A(b), applicable to indexed UIT interests and indexed mutual funds, respectively. Notwithstanding the absence of maintenance standards requiring a minimum number of shares outstanding, as a practical matter there can never be trading in a series of a listed investment company in which there is less than one Creation Unit outstanding, since listed open-end investment companies may only be created and redeemed in Creation Unit size, and if the last outstanding Creation Unit should ever be redeemed, the series (and options on that series) will cease to trade.

market index options under Exchange Rule 24.11(b)(i).

CBOE believes it has the necessary systems capacity to support the additional series of options that would result from the introduction of investment company options, and it has been advised that the Options Price Reporting Authority (''OPRA'') also has the capacity to support these additional services.[3]

The proposed rule change is consistent with Section 6(b) of the Act in general and furthers the objectives of Section 6(b)(5) in particular because, by providing for the trading of options on listed, indexed, open-end investment companies within the framework of CBOE's regulated market place while there is trading in the underlying investment companies in other exchange markets, the proposed rule change is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and to protect investors and the public interest.

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

The Exchange believes the proposed rule change will impose no inappropriate burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

Within 35 days of the 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 the 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 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 CBOE. All submissions should refer to File No. SR–CBOE–97–03 and should be submitted by March 26, 1997.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[4]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–5371 Filed 3–4–97; 8:45 am]

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[Release No. 34–38332; File No. SR–CBOE–97–07]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by Chicago Board Options Exchange, Inc., Relating to Certain Multi-Market Orders Involving Index Options

February 24, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''), 15 U.S.C. 78s(b)(1), and Rule 19b–4 thereunder, 17 CFR 240.19b–4, notice is hereby given that on February 12, 1997, the Chicago Board Options Exchange, Inc. (''CBOE'' or ''Exchange'') filed with the Securities and Exchange Commission 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 Exchange proposes to amend Rule 6.48 to specify that certain duties of CBOE members in effecting options transactions on the CBOE that are part of certain stock-option orders on the CBOE involving index options. 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 the Statutory Basis for, the Proposed Rule Change

(1) Purpose

In 1995, the Exchange filed a rule change proposal with the Commission that amended Rule 6.48 and set forth the duties of CBOE members executing options orders that constitute a component of a ''package'' stock-options order. The execution of this type of order involves transactions in CBOE's options market and in another market (a ''multi-market'' order).[1] Rule 6.48 specifies the sole basis on which an options trade that is a component of a multi-market order may be canceled by the members that are parties thereto. However, Rule 6.48 does not currently provide for the cancellation of any stock-option order that entails the purchase of sale of index options.

Multi-market orders in index options play an important role in allowing traders to hedge their risks and thus, in providing liquidity to customers in their products. Sometimes, multi-market orders involving index options might consist of a spread between the CBOE option product and another single security traded in another market, *e.g.*, S&P 500 index options (SPX) versus a unit investment trust in the S&P 500. In those instances where an order involves

[3] See memorandum from Joseph Corrigan, Executive Director, OPRA, to Eileen Smith, CBOE, dated January 21, 1997.

[4] 17 CFR 200.30–3(a)(12).

[1] *See* Securities Exchange Act Release No. 36516 (November 27, 1995), 60 FR 62114 (December 4, 1995).