

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-97-12 and should be submitted by April 9, 1997.

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

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-38383; File No. SR-Phlx-97-12]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to the Maintenance Criteria for the PHLX Phone Index

March 11, 1997.

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 March 5, 1997, 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. 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 Phlx, pursuant to Rule 19b-4 of the Act, proposes to amend the maintenance standards applicable to the PHLX Phone Index ("Index") to allow the number of stocks in the index to decline to six stocks without having to delist the index.

II. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Phlx 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 Phlx 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 Index is a capitalization weighted index composed of eight widely held U.S. companies created as a result of the divestiture of American Telephone and Telegraph Co. ("AT&T") in 1983. The Index includes seven regional telephone companies spun off from AT&T and AT&T itself.³ Currently, the Index would not meet the maintenance standards if less than 90% of the component stocks in the Index, by weight, are eligible for Exchange options trading or if the number of stocks in the index ever decreases to less than eight or increases to more than ten. In such case, the Exchange is required to wind down the Index by restricting trading to closing only transactions and not opening any new series of options on the Index unless a new Rule 19b-4 filing is submitted to the Commission and approved.

The Exchange is proposing, herein, to amend the maintenance standards to allow the number of component stocks in the index to decrease to six without having to wind down the Index. Thus, if the number of stocks in the index decreases to less than six or increases to more than ten, the Exchange would restrict trading to closing only transactions and not open any new series of options on the Index until it seeks and gains approval for such a revised index. The 90% Exchange options eligibility maintenance standard will still apply.

The Exchange expects that in the near future, two separate mergers involving four of the components may occur. NYNEX and Bell Atlantic are proposing a merger with Bell Atlantic as the survivor and SBC Communications is proposing to merge with Pacific Telesis with SBC Communications as the survivor. If these two mergers are consummated, the Index would only have six component issues which would still pass the new proposed maintenance criteria.

2. Basis

The Phlx believes that the proposed rule change is consistent with Section 6 of the Act in general and furthers the objective of Section 6(b)(5) in

particular⁴, in that it is designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts and practices, and to remove impediments to and perfect the mechanism of a free and open market and a national market system, as well as to protect investors and the public interest.

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

The PHLX 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

Within 35 days of the date 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 agency 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 34345 (July 11, 1994), 59 FR 36245 (July 15, 1994) (approval for index options on the Phone Index).

⁴ 15 U.S.C. 78f(b)(5).

filing will also be available for inspection and copying at the principal office of the PHLX. All submissions should refer to File No. SR-PHLX-97-12, and should be submitted by April 9, 1997.

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

Margaret H. McFarland,
Deputy Secretary.

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[Release No. 34-38394; File No. SR-PHLX-97-09]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to a New Technology Fee and Amended Transfer Fee

March 12, 1997.

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 February 27, 1997, the Philadelphia Stock Exchange, Inc. ("PHLX" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the PHLX. 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 PHLX proposes to amend its schedule of dues, fees and charges to: (a) increase the existing transfer fee from \$300 to \$500; and (b) adopt a technology fee of \$100 per month applicable to all members and foreign currency option participants not also holding legal title to a PHLX regular membership.

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 PHLX 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 PHLX 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 amend the PHLX's fee schedule in two ways. First, the Exchange's transfer fee, currently \$300, will be increased to \$500. This fee is imposed on the transferee at the time of transfer of legal or equitable title to any PHLX regular membership or foreign currency option participation. Transfers require significant staff time to process. Processing involves drafting letters and invoices to the parties, posting the notice in the membership bulletin, creating and updating membership files and changing the Exchange's data base to reflect the transfer. Over the last eight years, the number of transfers each week has dramatically increased, thus, placing an increased burden on staff time and resources. The transfer fee increase reflects the higher costs of processing these transfers. This fee was last increased from \$200 to \$300 in 1989.³ The new fee will go into effect on March 1, 1997.

The second change will be to adopt a technology fee which will be assessed upon all PHLX regular membership holders and foreign currency option participants who do not also possess a PHLX regular membership. The fee will be a monthly \$100 fee which will be billed on March 1, 1997, for the period March 1 to June 30, 1997, (\$400) and on July 1, 1997, for the period July 1 through December 31, 1997 (\$600). The new technology fee will reflect the costs of needed upgrades to the operating systems on the three trading floors, system software modifications, year 2000 modifications and hardware upgrades to handle expected increased trading volumes and anticipated increases due to Securities Industry Automation Corporation and Options Price Reporting Authority's communication changes. Additionally, system development costs for new risk management systems, order handling rule revisions, specialized quote feeds and new products will be captured by this fee.

The proposed rule change is consistent with Section 6 of the Act in general, and in particular, with Section 6(b)(4), in that it provides for the equitable allocation of reasonable dues, fees and other charges among its

members and other persons using its facilities.

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

The PHLX 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.

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

The foregoing rule change has become effective on February 27, 1997, pursuant to Section 19(b)(3)(A) of the Act⁴ and subparagraph (e)(2) of Rule 19b-4⁵ thereunder, because the proposed rule change establishes or changes a due, fee, or other charge. 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, DC 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 Room. Copies of such filing will also be available for inspection and copying at the principal office of the PHLX. All submissions should refer to File No. SR-PHLX-97-09 and should be submitted by April 9, 1997.

¹ 15 U.S.C. 78s(b)(1) (1988).

² 17 CFR 240.19b-4 (1991).

³ Securities Exchange Act Release No. 26468 (January 18, 1989), 54 FR 3713 (January 25, 1989) (File No. SR-PHLX-88-45).

⁴ 15 U.S.C. 78s(b)(3)(A).

⁵ 17 CFR 240.19b-4(e).