

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 CBOE. All submissions should refer to File No. SR-CBOE-97-01 and should be submitted by April 15, 1997.

IV. Commission's Findings and Order Granting Approval of Proposed Rule Change

The Commission has reviewed carefully the CBOE's proposed rule change and proposed Amendment No. 1 and believes, for the reasons set forth below, this proposal is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange. Specifically, the Commission believes the proposal is consistent with Section 6(b)(5) ⁶ of the Act which requires national securities exchanges to have rules designed to remove impediments to and perfect the mechanism of a free and open market and in general, to protect investors and the public interest.

The Commission notes that the CBOE proposal conforms the CBOE's listing standards for "Other Securities" to those of other exchanges.⁷ As such, the Commission believes the proposal should allow the Exchange to compete more effectively with other exchanges for the listing of these types of securities. The Commission notes that although it is reasonable for the Exchange to delete from CBOE's rules certain mandatory listing standards for "Other Securities,"⁸ proposals that deviate from these standards might raise novel or significant regulatory issues that would require a proposed rule change to list the product.⁹ Further, in

approving the elimination of the 100 holder requirement where the security is traded in thousand dollar denominations, the Commission notes that the rule will still require that the security have a minimum market value at issuance of \$4 million. This should help to ensure that issuances in \$1,000 denominations are large enough to support a liquid market.

The Commission finds good cause for approving the foregoing rule change proposal and proposed Amendment No. 1 on an accelerated basis prior to the thirtieth day after the date of publication thereof in the **Federal Register**. As discussed above, the proposal received no comments.¹⁰ Based on the above, the Commission finds that consistent with Sections 6(b)(5) ¹¹ and 19(b)(2) ¹² of the Act, good cause exists to accelerate approval of the proposal, as amended.

It is therefore ordered, pursuant to section 19(b)(2) ¹³ of the Act, that the proposed rule change (SR-CBOE-97-01), including Amendment No. 1, is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to the delegated authority.¹⁴

Jonathan G. Katz,

Secretary.

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[Release No. 34-38413; File No. SR-CSE-97-05]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Cincinnati Stock Exchange, Inc. Relating to Regulatory Data Submissions

March 18, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4² thereunder,

regulatory issues among which might include the need to address appropriate product term and risk disclosure, customer suitability, and settlement procedures. Accordingly, the Commission expects the CBOE to consult with it on the need to file a Section 19(b) rule change to list a product with such terms under the Rule 31.5 listing standards.

¹⁰ See Securities Exchange Act Release No. 37472 (July 23, 1996), 61 FR 40058 (July 31, 1996) (approving File No. SR-Phlx-96-28); Securities Exchange Act Release No. 37165 (May 3, 1996), 61 FR 21215 (May 9, 1996) (approving File No. SR-Amex-96-15).

¹¹ 15 U.S.C. § 78f(b)(5).

¹² 15 U.S.C. § 78s(b)(2).

¹³ 15 U.S.C. § 78s(b)(2).

¹⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. § 78s(b)(1).

² 17 CFR 240.19b-4.

notice is hereby given that on March 6, 1997, as amended on March 14, 1997,³ The Cincinnati Stock Exchange, Incorporated ("CSE" 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 CSE. 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 CSE hereby proposes to amend Rule 4.2 to add Interpretation .02 to clarify CSE members' obligation to provide regulatory information routinely to the Exchange. The text of the proposed rule change is available at the office of the Secretary, CSE 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 CSE 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 CSE 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 December, 1995, in an attempt to improve the quality and quantity of available regulatory data, the Exchange requested that members submit certain regulatory data to CSE on a daily basis. Members were informed of this requirement by Regulatory Circular #95-04, dated December 22, 1995. As part of its ongoing attempt to enhance its examination and surveillance programs, the Exchange now proposes to codify this data submission requirement by adding Interpretation .02 to Rule 4.2, Furnishing of Records.

³ On March 14, 1997, the CSE filed Amendment No. 1 to its proposal with the Commission. The amendment redesignates the proposal as a "noncontroversial" rule filing under Rule 19b-4(e)(6) under the Act rather than a filing under Rule 19b-4(e). See Letter from Adam Gurwitz, Vice President Legal and Secretary, CSE, to Elaine Darroch, Attorney-Adviser, Division of Market Regulation, dated March 14, 1997.

⁶ 15 U.S.C. § 78f(b)(5).

⁷ See, e.g., Section 107A of the Amex Company Guide; Section 703.19 of the NYSE Listed Company Manual.

⁸ The affected provisions currently prevent the listing of (1) any cash settled product settled in any currency other than U.S. dollars or (2) any product that has a mandatory redemption price of less than three dollars. In addition, CBOE proposes to eliminate the provision requiring a minimum of 100 public holders if the security is traded in thousand dollar denominations.

⁹ See e.g., Securities Exchange Act Release No. 27753 (March 1, 1990), 55 FR 8626 (March 8, 1990) (order approving File No. SR-Amex-89-29). For example, a stock index-linked note that was payable in foreign currency would raise important

Pursuant to Regulatory Circular #95-04, members are currently required to submit certain data pertaining to agency orders and proprietary trades. The Exchange recognizes, however, that the types of data it requires will likely change as CSE's regulatory program evolves. The proposed rule change will therefore impose a general regulatory data submission requirement that will refer members to the current Regulatory Circular delineating order, market, and transaction submission requirements. In this way, the Exchange will retain the flexibility necessary for effective regulatory surveillance and enforcement efforts.

(2) Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act⁴ in general and furthers the objectives of Section 6(b)(5)⁵ in particular in that it is designed to promote just and equitable principles of trade, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

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

The CSE 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

Because the foregoing proposed rule change: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; (3) was provided to the Commission for its review at least five days prior to the filing date;⁶ and (4) does not become operative for 30 days from March 14, 1997,⁷ the rule change has become

effective pursuant to Section 19(b)(3)(A) of the Act⁸ and Rule 19b-4(e)(6)⁹ thereunder. In particular, the Commission believes the proposal qualifies as a "noncontroversial filing" in that the proposed standards do not significantly affect the protection of investors or the public interest and do not impose any significant burden on competition. At any time within 60 days of the filing of the proposed rule change,¹⁰ 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 the 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 Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the CSE. All submissions should refer to File No. SR-CSE-97-05 and should be submitted by April 15, 1997.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹¹

Jonathan G. Katz,

Secretary.

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causes the 30-day delayed implementation period to be restarted from the date of the filing of the amendment. See Securities Exchange Act Release No. 35123 (Dec. 20, 1994), 59 FR 66692 (Dec. 28, 1994).

⁴ 15 U.S.C. § 78f(b).

⁵ 15 U.S.C. § 78f(b)(5).

⁶ The Commission waived the five-day prefiling requirement, because the Commission had the opportunity to review the proposal when it was filed as SR-CSE-97-04, pursuant to Section 19(b)(2) of the Act. The previous proposal was withdrawn on March 6, 1997 and refiled pursuant to Section 19(b)(3)(A) of the Act.

⁷ Although the proposal was originally filed with the Commission on March 6, 1997, the Commission notes that any substantive amendment to a proposed rule change filed under Rule 19b-4(e)(6)

⁸ 15 U.S.C. § 78s(b)(3).

⁹ 17 CFR 240.19b-4(e)(6).

¹⁰ The 60 day abrogation period commences from March 14, 1997, the date of the submission of the substantive amendment.

¹¹ 17 CFR 200.30-3(a)(12).

[Release No. 34-38411; File No. SR-NYSE-97-01]

Self-Regulatory Organization; Notice of Filing of Proposed Rule Change by New York Stock Exchange, Inc. Relating to Amendments to Rule 431 ("Margin Requirements")

March 17, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, 15 U.S.C. 78s(b)(1), notice is hereby given that on January 9, 1997 the New York Stock Exchange, Inc. ("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 self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

The Exchange has filed amendments to Rule 431 ("Margin Requirements"). The change consists of amendments regarding permitted market maker and specialist offset positions being eliminated from Regulation T of the Federal Reserve Board ("FRB") and to acknowledge specific provisions of Rule 15c3-1 of the Securities Exchange Act of 1934 ("the Net Capital Rule"). The proposed rule change also incorporates in Rule 431 cash account transactions permitted by the FRB and SEC, as well as incorporating several definitions. Proposed new language is italicized; proposed deletions are in brackets.

Proposed Amendment of Rule 431 Margin Requirements

Rule 431. (a) through (f)(2)(I) unchanged.

(J) *Registered specialists, market makers or traders.*—Notwithstanding the other provisions of this sub-section (f)(2), a member organization may clear and carry the listed option transactions of one or more registered specialists, registered market makers or registered traders in options (which registered traders are deemed specialists for all purposes under the Securities Exchange Act of 1934 pursuant to the rules of a national exchange) (*hereinafter referred to as "specialist(s)"*), upon a "Good Faith" margin basis satisfactory to the concerned parties, provided [that all real and potential risks in accounts carried under such arrangements are at all times adequately covered by the margin maintained in the account or in the absence thereof, by the carrying