

SECURITIES AND EXCHANGE COMMISSION

Order of Suspension of Trading; Combined Companies International Corp. (File No. 500-1)

May 19, 1997.

It appears to the Securities and Exchange Commission that there is a lack of adequate and accurate current information concerning the securities of Combined Companies International Corp. ("CCIC"), of Las Vegas, Nevada. Questions have been raised about publicly-disseminated information concerning, among other things: (1) Assets reported on CCIC's financial statements, which were included in a registration statement and periodic reports filed with the Commission; (2) the lack of audited financial statements included in a registration statement and periodic filings of CCIC; (3) the failure by CCIC to make required periodic and other filings with the Commission; and (4) the market for the securities of CCIC.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of the above listed company.

Therefore, it is ordered, pursuant to Section 12(k) of the Securities Exchange Act of 1934, that trading in the above listed company is suspended for the period from 9:00 a.m. EST, May 19, 1997 through 11:59 p.m. EST, on June 2, 1997.

By the Commission.

Jonathan G. Katz,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38640; File No. SR-AMEX-96-45]

Self-Regulatory Organizations; American Stock Exchange, Inc. Order Approving Proposed Rule Change and Amendment No. 1 and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 2 Relating to the Establishment of a 4:02 p.m. Closing Time for Equity and Narrow-Based Index Options Trading

May 14, 1997.

I. Introduction

On November 22, 1996, the American Stock Exchange, Inc. ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule change

pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder.² On December 17, 1996, the Exchange filed Amendment No. 1 to the rule proposal.³ On May 13, 1997, the Exchange filed Amendment No. 2 to the rule proposal.⁴

Notice of the substance of the proposed rule change and Amendment No. 1 was provided by issuance of a release⁵ and by publication in the **Federal Register**.⁶ No comments were received. This order approves the proposed rule change, as amended, and solicits comments on Amendment No. 2.

II. Description of the Proposal

The Exchange proposes to amend Rules 1, 903C, 918 and 980C governing the hours of trading in equity options and narrow-based index options. Currently, the ten minute period for trading equity and narrow-based index options after the close of the underlying stocks allows options traders to respond to late reports of closing prices over the consolidated tape. The proposed rule change will result in the close of trading in equity and narrow-based index options at 4:02 p.m. instead of the existing close of 4:10 p.m.

The Exchange also proposes to amend Rule 1, Commentary .02(2) to provide that a closing rotation in non-expiring options may be held five minutes after news of such rotation is publicly disseminated. Currently, the rule provides for a ten minute notice period of a closing rotation.

III. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and in particular, Section

6(b)(5).⁷ Section 6(b)(5) requires, among other things, that the rules of an exchange be designed to promote just and equitable principles of trade, perfect the mechanism of a free and open national market, and in general, to further investor protection and the public interest.

The Commission believes that it is reasonable for the Exchange to amend its rules to close trading in equity and narrow-based index options at 4:02 p.m., versus the existing 4:10 p.m. close. Changing the closing time for these options to 4:02 p.m. preserves the Exchange's stated need to continue trading options for some period of time after the close of trading in the underlying securities. The Exchange has stated that this two minute extension from the close of the stock markets will allow options traders to respond to late reports of closing prices over the consolidated tape, thereby bringing options quotes in line with the closing price of the underlying security. Due to improvements in the processing and reporting of transactions, the Exchange believes that two minutes of options trading after the underlying equities close is sufficient to bring option quotes in to line with the closing prices of the underlying securities.

In determining an appropriate closing time, the Exchange has also considered problems that might result when the exchange remains open after the close of the primary exchange for the underlying stocks. The Exchange states that a number of issuers have adopted the practice of disseminating important corporate news after the close of trading on the primary equity exchange in order to minimize the short-term disruptive effect of the news on the market price of the stock by allowing investors the opportunity to digest the significance of the news after the markets have closed. These announcements, if made while options markets are still trading, impact narrow-based index options, as well as equity options, because a significant news announcement on one component of a narrow-based index may have substantial impact on that index. Despite the fact that most Exchange products trade until 4:10 p.m., important corporate news is often disseminated between 4:00 and 4:10 p.m. Consequently, the Exchange states that because the principal market for the underlying stock is closed, option specialists and market makers have experienced difficulty in making orderly options markets due to their inability to hedge or otherwise offset market risk with transactions in the underlying

¹ 15 U.S.C. § 78s(b)(1).

² 17 CFR 249.19b-4.

³ Letter from Claire McGrath, Managing Director and Special Counsel, Amex, to Ivette Lopez, Assistant Director, Division of Market Regulation, Commission, dated December 16, 1996 ("Amendment No. 1"). Amendment No. 1 proposes to amend the closing time to 4:02 p.m. for narrow-based index options, as well as equity options.

⁴ Letter from Claire McGrath, Managing Director and Special Counsel, Amex, to Ivette Lopez, Assistant Director, Division of Market Regulation, Commission, dated May 13, 1997 ("Amendment No. 2"). Amendment No. 2 proposes to amend Rule 1, Commentary .02(2) to provide that a closing rotation in non-expiring options may be held five minutes after news of such rotation is publicly disseminated. Currently, the rule provides for a ten minute notice period of a closing rotation.

⁵ Securities Exchange Act Release No. 38123 (January 6, 1997).

⁶ 62 FR 1786 (January 13, 1997).

⁷ 15 U.S.C. § 78f(b)(5).

equity. Further, the Exchange believes that public customers are unable to react as quickly as professional traders to significant news releases made prior to the close of options trading. The Exchange states that a change in the options trading close to 4:02 p.m. would limit the disruptive effect on Exchange products that these significant news announcements can create.

Accordingly, the Commission finds that a closing time of 4:02 p.m. for equity and narrow-based index options is a reasonable means to address the Exchange's desire to balance the need for some extended trading period with the need to prevent negative impact from issuers' major news announcements made while only the options markets remain open.

The Commission also finds that permitting a closing rotation in non-expiring options five minutes after news of such rotation is publicly disseminated is reasonable. The Exchange states that the change from a ten minute notice period to a five minute notice period will conform the Exchange's rule to the rules of the other exchanges, such as the Chicago Board Options Exchange, Inc. ("CBOE").⁸

It is contemplated that the Exchange will implement this rule change on or about June 23, 1997.⁹

The Commission finds good cause for approving Amendment No. 2 to the filing prior to the 30th day after the date of publication of the notice of the filing. Amendment No. 2 serves to conform the Exchange's proposal to other exchanges' rules. Accordingly, the Commission believes there is good cause, consistent with Sections 6(b)(5) and 19(b)(2) of the Act, to approve Amendment No. 2 to the proposal on an accelerated basis.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning Amendment No. 2. 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 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-AMEX-96-45, and should be submitted by June 12, 1997.

V. Conclusion

For the reasons discussed above, the Commission finds that the proposal is consistent with the Act, and, in particular, Section 6 of the Act.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁰ that the proposed rule change (SR-Amex-96-45) is approved.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 97-13460 Filed 5-21-97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38543; File No. SR-CBOE-96-71]

Self-Regulatory Organizations; Chicago Board Options Exchange, Inc.; Order Approving Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 1 Relating to the Establishment of a 3:02 p.m. Closing Time for Equity and Narrow-Based Index Options Trading

May 14, 1997.

I. Introduction

On October 25, 1996, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder.² On February 24, 1997, the Exchange filed an amendment to the rule proposal.³

¹⁰ 15 U.S.C. § 78s(b)(2).

¹¹ 17 CFR 200.30-3(a)(12).

¹ U.S.C. § 78s(b)(1).

² 17 CFR 240.19b-4.

³ Letter from Timothy Thompson, Senior Attorney, CBOE, to Janice Mitnick, Attorney, Division of Market Regulation, Commission, dated February 24, 1997 ("Amendment No. 1"). Amendment No. 1 describes the purpose for the proposed change to the required notice period, from

Notice of the substance of the proposed rule change was provided by issuance of a release⁴ and by publication in the **Federal Register**.⁵ No comments were received. This order approves the proposed rule change, as amended, and solicits comments on Amendment No. 1.

II. Description of the Proposal

The exchange proposes to amend Rule 6.1, Interpretation .01 and Rule 24.6 governing the hours of trading in equity options and narrow-based index options. Currently, the ten minute period for trading equity and narrow-based index options after the close of the underlying stocks allows options traders to respond to late reports of closing prices over the consolidated tape. The proposed rule change will result in the close of trading in equity and narrow-based index options at 3:02 p.m.⁶ instead of the existing close of 3:10 p.m.

The Exchange also proposes to amend its rules to provide for a five minute notice period before a trading rotation may begin after the close of trading. Currently, a ten minute notice must be given under CBOE Rule 6.2, Interpretation .02. The Exchange states that it is now able to send notice to its members of its intent to have a closing rotation almost instantaneously.⁷ The Exchange also proposes to amend its trading rotation rule, Interpretations .01 and .03 and Rule 6.2, to reflect the changes in the closing time from 3:10 p.m. to 3:02 p.m. for equity options and narrow-based index options.

Finally, the Exchange is proposing to amend Interpretation .01 to Rule 6.1 to make it clear that the Board may designate a person or persons to change the hours for the trading of options when unusual conditions exist. This change is consistent with the Exchange's current Rule 24.6.

II. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and in particular, Section 6(b)(5).⁸ Section 6(b)(5) requires, among other things, that the rules of an exchange be designed to promote just and equitable principles of trade, perfect

ten minutes to five, prior to the commencement of a trading rotation.

⁴ Securities Exchange Act Release No. 37988 (November 26, 1996).

⁵ 61 FR 64405 (December 4, 1996).

⁶ All time references are in Central Time.

⁷ See Amendment No. 1.

⁸ 15 U.S.C. § 78f(b)(5).

⁸ See SR-CBOE-96-71 (amending CBOE Rule 6.2, Interpretation .02 to permit a five minute notice period for closing rotations).

⁹ Phone conversation between Claire McGrath, Exchange and Janice Mitnick, Commission, on May 14, 1997.