

position limit of 15,000 contracts under the terms of Rule 24.4A.

Exchange Rules Applicable. As modified herein, the Rules in Chapter XXIV will be applicable to Options on the DJTA. Narrow-based margin rules will apply to the Index as set forth in Rule 24.11.

Capacity. CBOE believes it has the necessary systems capacity to support new series that would result from the introduction of Options on the DJTA. CBOE has also been informed that OPRA also has the capacity to support the new series. In making this determination, the Exchange notes that OPRA has made, and is in the process of making, significant enhancements to its capacity. These enhancements include: upgrades to computers; the addition of lines to firms, vendors and exchanges; and the introduction of new technology incorporating high speed data transmission. All of these enhancements will be in place prior to the scheduled introduction of these options contracts and will give more than sufficient capacity to deal with these and other new products.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) ⁶ of the Act in general and furthers the objectives of Section 6(b)(5) ⁷ in particular in that it will permit trading in options based on the DJTA pursuant to rules designed to prevent fraudulent and manipulative acts and practices and to promote just and equitable principles of trade, and thereby will provide investors with the ability to invest in options based on an additional index.

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.

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, 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 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-97-27 and should be submitted by July 29, 1997.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁸

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38795; File No. SR-CHX-97-17]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Stock Exchange, Incorporated Relating to Tier 1 Listing Standards

June 30, 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 June 25, 1997, the Chicago Stock Exchange, Inc.

("CHX" 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 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 Exchange proposes to amend Article XXVIII, rule 14 of the Exchange's Rules relating to Tier 1 listing standards. The text of the proposed rule change is available at the Office of the Secretary, CHX, 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 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 aspect of such statements.

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

1. Purpose

The National Securities Markets Improvement Act of 1996³ amended Section 18 of the Securities Act of 1933⁴ to provide for exclusive federal registration of securities listed, or authorized for listing, on the New York Stock Exchange ("NYSE"), the American Stock Exchange ("Amex") or listed on the National Market System of the Nasdaq Stock Market ("Nasdaq/NMS"), or any other national securities exchange designated by the Commission by rule to have substantially similar listing standards to those markets. The CHX petitioned the SEC in February of this year to adopt a rule finding the CHX's Tier 1 listing standards to be substantially similar to those of the NYSE, Amex or Nasdaq/NMS. If the SEC adopts such a rule, any security listed on the CHX under its Tier 1

⁶ 15 U.S.C. § 78f(b).

⁷ 15 U.S.C. § 78f(b)(5).

⁸ 17 C.F.R. 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Pub. L. No. 104-290, 110 Stat. 3416 (1996)

⁴ 15 U.S.C. 77s.

standards would be exempt from registration in all fifty states.

The SEC has recently published for comment proposed Rule 146(b) which would designate various exchanges' listing standards as being substantially similar to those of the NYSE, Amex or Nasdaq/NMS. The SEC has indicated that it preliminarily believes that the only deficiency in the CHX Tier 1 standards, which precludes it from designating the CHX Tier 1 securities as qualifying, is that there is no minimum share price requirement for continued listing on Tier 1. If such deficiency was corrected, the SEC indicated that it would consider including CHX's Tier 1 securities in the final Rule 146(b).

As a result of the above, the CHX is proposing to amend Article XXVIII, rule 14 of the Exchange rules to add a minimum share price requirement for continued listing of common stock on Tier 1. The proposed amendment is virtually identical to Amex's requirement. In essence, the proposed amendment states that an issuer that has a common stock listed under Tier 1 that is selling for a substantial period of time at a low price per share must effect a reverse split within a reasonable period of time after being notified that the Exchange deems such action to be appropriate. The proposed amendment then sets forth examples of pertinent factors which the Exchange will review in determining whether a reverse split is appropriate. If the issuer fails to effect a reverse split, then the Exchange would initiate a proceeding to delist the issuer's common stock from Tier 1.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act⁵ in that it is designed 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 in general, to 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, and Others

No written comments were either solicited or received.

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 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-CHX-97-17 and should be submitted by July 29, 1997.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38794; File No. SR-NASD-97-01]

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Order Granting Permanent Approval to Proposed Rule Change Relating to Entry and Cancellation of SelectNet Orders

June 30, 1997.

I. Introduction

On January 8, 1997, the National Association of Securities Dealers, Inc. ("NASD" or "Association") filed with the Securities and Exchange Commission ("Commission" or "SEC") pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder² a proposed rule change to clarify the obligations of NASD members regarding the use of the SelectNet Service. The proposed rule change was published for comment in Securities Exchange Act Release No. 38149 (January 10, 1996), 62 FR 1942 (January 14, 1997) ("Notice of Proposed Rule Change"). The Commission subsequently approved a portion of this proposed rule change on a temporary basis.³ No comments were received on the Notice of Proposed Rule Change. The Commission is now approving the proposed rule change in its entirety on a permanent basis.

II. Description of the Proposal

The NASD has proposed a new Conduct Rule, Rule 3380, to prohibit members from cancelling or attempting to cancel a broadcast or preferred order entered into Nasdaq's SelectNet Service ("SelectNet") until a minimum period of ten seconds has elapsed ("10-second rule").⁴ The Commission temporarily approved the 10-second rule with respect to SelectNet

¹ 15 U.S.C. § 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 38185 (January 21, 1997), approving until July 1, 1997, a new Conduct Rule to prohibit members from cancelling or attempting to cancel a preferred order entered into SelectNet until a minimum period of ten seconds has elapsed and from entering conditional orders preferred to electronic communications networks ("ECNs").

⁴ Conduct Rule 3380(a) is proposed to read: Cancellation of a Select Net Order: No member shall cancel or attempt to cancel an order, whether preferred to a specific market maker or electronic communications network, or broadcast to all available members, until a minimum time period of ten seconds has expired after the order to be cancelled was entered. Such ten second time period shall be measured by the Nasdaq processing system processing the SelectNet order.

⁵ 15 U.S.C. 78f(b).

⁶ 17 CFR 200.30-3(a)(12).