

participants to provide these reports, materials and data upon reasonable request of a Board shall be a contractual obligation of all participants under their agreements governing participation in the Insurance Product Funds.

13. If a Plan should become a holder of 10% or more of the assets of an Insurance Product Fund, such Plan will execute a participation agreement with such fund. A Plan will execute an application containing an acknowledgment of this condition upon such Plan's initial purchase of the shares of any Insurance Product Fund.

Conclusion

For the reasons summarized above, Applicants assert that the requested exemptions are necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Jonathan G. Katz,
Secretary.

[FR Doc. 98-5892 Filed 3-6-98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39706; File No. SR-AMEX-98-07]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the American Stock Exchange, Inc., Relating to Extension of the Permissible Maturity of FLEX Equity Options

March 2, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on February 5, 1998, the American Stock Exchange, Inc. ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. On February 20, 1998, the Exchange filed with the Commission Amendment No. 1 to the proposed rule change.² 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 Amex proposes to amend Exchange Rule 903G to permit flexible ("FLEX") equity options to have a term of five years in certain circumstances. The text of the proposed rule change is available at the Office of the Secretary, Amex 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 Amex 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 Amex 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 Exchange is proposing to allow FLEX equity options³ traded on the Exchange to have a maturity beyond three years and up to five years in certain circumstances. Currently, FLEX equity options, by operation of Rule 903G, are limited to a maturity of three years.

When the Exchange filed for permission to list and trade FLEX equity options⁴ it determined to limit the maturity of these options to three years because, unlike FLEX Index options which were already being traded on the Exchange since August 1993 and which could have a maturity of up to five years, the Exchange was concerned that there would not sufficient liquidity in many equity option classes to support services with a longer term to expiration. Since it has traded FLEX equity options, however, the Exchange has had numerous requests from broker-dealers to extend the maturity of FLEX equity options to five years. Among the

reasons the broker-dealer firms have been interested in seeking an extension in the allowable maturity is that these longer expiration FLEX equity options might be used to hedge the longer term issuances of structured products linked to returns of a individual stock. The rule would permit the longer term FLEX equity options to be listed when requested by the submitting member if the Exchange determines that sufficient liquidity exists among Equity FLEX qualified participants. By allowing for the extension of the maturity of FLEX equity options to five years in situations where there is demand for a longer term expiration and where there is sufficient liquidity to support the request, the proposed rule change will better serve the needs of Amex's customers and the Exchange members who make a market for such customers.

2. Statutory Basis

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 in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, 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 Exchange does not believe that the proposed rule change will impose any 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:

- (i) does not significantly affect the protection of investors or the public interest;
- (ii) does not impose any significant burden on competition; and
- (iii) does not become operative for 30 days from the date on which it was

¹ 15 U.S.C. 78s(b)(1).

² Amendment No. 1 clarifies the Exchange's course of action when criteria set forth in the proposed rule are met. See Letter from Scott G. VanHatten, Legal Counsel, Derivative Securities, Exchange, to Michael Walinskas, Senior Special Counsel, Division of Market Regulation, Commission, dated February 19, 1998.

³ FLEX equity options are flexible exchange-traded options contracts which overlie equity securities. In addition, Exchange equity options provide investors with the ability to customize basic option features including size, expiration date, exercise style, and certain exercise prices.

⁴ See Exchange Act Release No. 37336 (June 19, 1996), 61 FR 33558 (June 27, 1996).

filed,⁵ or such shorter time as the Commission may designate, and the Exchange provided the Commission with written notice of its intent to file the proposed rule change at least five business days prior to the filing date, it has become effective pursuant to Section 19(b)(3)(A) ⁶ of the Act and Rule 19b-4(e)(6) thereunder.⁷ The Commission finds good cause to allow the proposed rule change to become operational on March 6, 1998. This accelerated operational date should facilitate faster access for Amex members and customers to the potential benefits of extended maturity dates for FLEX equity options, consistent with the protection of investors and the public interest. The Commission has previously approved a substantially similar proposal by the Chicago Board Options Exchange, Inc.⁸

At any time within 60 days of the filing of the 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, including whether the proposed rule change is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., 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 Amex. All

submissions should refer to the File No. SR-AMEX-98-07 and should be submitted by March 30, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Jonathan G. Katz,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39705; File No. SR-BSE-98-02]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Boston Stock Exchange, Incorporated Relating to its Fee Schedule

March 2, 1998.

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 March 2, 1998, the Boston Stock Exchange, Incorporated ("BSE" 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 Exchange seeks to amend its fee schedule pertaining to Floor Operation Fees.

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 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 purpose of the proposed fee revision is to eliminate the \$.50 per trade charge to specialists for all non-self-directed market orders from 100 to 2,500 shares in the top 1,000 Consolidated Tape Association ("CTA") ranked stocks. At the same time, the Exchange also proposes to rebate to its specialists an amount equal to five months (October 1997–February 1998) of the same \$.50 per trade charge for non-self-directed market orders. This is in keeping with the Exchange's practice of distributing profits back to its membership, and of providing its members with increased incentives for directing more order flow to the Exchange.

2. Statutory Basis

The Exchange believes that the basis for the proposed rule change is Section 6(b)(5) of the Act,¹ in that the proposed rule change is designed to promote just and equitable principles of trade; to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions, in, securities; 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; and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

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

The Exchange does not believe the proposed rule change will impose any 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

The proposed rule change has become effective upon filing pursuant to Section 19(b)(3)(A) of the Act² and subparagraph (e) of Rule 19b-4 thereunder,³ in that the proposal

⁵ The proposed rule change filing is deemed filed as of the date Amendment No. 1 was received by the Commission.

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ 17 CFR 240.19b-4(e)(6). In reviewing this rule, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁸ See Exchange Act Release No. 39524 (January 8, 1998), 63 FR 3009 (January 20, 1998).

⁹ 17 CFR 200.3-3(a)(12).

¹ 15 U.S.C. 78f(b)(5).

² 15 U.S.C. 78f(b)(3)(A).

³ 17 CFR 19b-4.e(6).