

principles of trade, perfect the mechanism of a free and open national market system, and, in general, further investor protection and the public interest.<sup>10</sup> Further, the Commission finds that the proposal is consistent with Section 11(b) of the Act,<sup>11</sup> and Rule 11b-1 thereunder,<sup>12</sup> which allow securities exchanges to promulgate rules relating to specialists consistent with the maintenance of fair and orderly markets.

Specifically, because specialist units play a crucial role in providing stability, liquidity, and continuity to the trading of stocks on the Exchange, the Commission believes that effective oversight, including periodic evaluation of the specialists' performance, is important to the maintenance of a fair and efficient marketplace. The Commission believes that the NYSE's Rule 103A performance evaluation process is critical to this oversight in that it provides the Exchange with the means to identify and correct poor specialist performance and to ascertain whether specialists are maintaining fair and orderly markets in their assigned securities, as required pursuant to Exchange rules and the Act, and the rules thereunder.<sup>13</sup> Moreover, the possibility of a performance improvement action as a result of the evaluation process, in addition to the use of the evaluation results in stock allocation decisions, should help motivate and provide incentives for specialists to maintain and improve their market making performance for the benefit of investors.

In previous orders extending the Rule 103A pilot,<sup>14</sup> the Commission emphasized its desire for the Exchange to develop objective measures of market making performance and incorporate such measures into the Rule 103A pilot.<sup>15</sup> In addition, the Commission previously stated that it believes the mature status of the Intermarket Trading System ("ITS"), as a market structure facility, warrants the incorporation of ITS turnaround and trade-through

concerns into the NYSE's Rule 103A performance standards. As discussed fully in the previous extension order,<sup>16</sup> the Commission believes that objective measures of specialist performance with regard to these concerns should be incorporated into the evaluation process.

Even though the proposal lacks objective market marking performance standards, the Commission has determined to approve the proposal to extend the effectiveness of Rule 103A for an additional sixteen months in light of the substantial time and resources the Exchange has dedicated to the development of the capital utilization and near neighbor measures. The Commission notes that the NYSE has not proposed to incorporate these objective measures into their specialist evaluation program at this time.<sup>17</sup> The Commission believes that it is reasonable to extend the pilot to give the Exchange time to gain experience with these measures before incorporating them into the Rule 103A evaluation criteria.<sup>18</sup>

The Commission continues to believe that the Exchange should include objective performance standards that would measure accurately the traditional indicia of specialist performance, namely market depth, price continuity and dealer participation and stabilization in the Rule 103A program. The Commission encourages the NYSE to incorporate objective standards, including those relating to ITS and market making performance, into the program prior to or simultaneous with future proposals to extend the effectiveness of Rule 103A or adopt the Rule on a permanent basis.<sup>19</sup>

The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice thereof in the **Federal Register**. The Commission believes it is appropriate to approve the proposed rule change on an accelerated basis so that the Exchange can continue to administer, on an uninterrupted

basis, its Rule 103A evaluation process. During the extension of the Rule, the Commission expects the NYSE to continue its examination of the efficacy of its current specialist evaluation procedures.<sup>20</sup> In addition, a substantial portion of current Rule 103A was noticed for the full statutory period in 1987, and the Commission did not receive any adverse commentary on the revised Rule 103A program.<sup>21</sup> Further, interested persons were invited to comment on the most recent of such proposals being the extension of Rule 103A until May 9, 1995.<sup>22</sup> The Commission received no comments on these proposals. The Commission believes, therefore, that granting accelerated approval of the proposed rule change is appropriate and consistent with Section 6 of the Act.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>23</sup> that the proposed rule change is hereby approved on an accelerated basis until September 10, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>24</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 95-12003 Filed 5-15-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-35688; International Series Release No. 811; File No. SR-PHLX-95-13]

**Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment Nos. 1 and 2 to the Proposed Rule Change by the Philadelphia Stock Exchange, Inc., Relating to Modifications of the Position and Exercise Limits for Foreign Currency Options**

May 8, 1995.

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 10, 1995,

<sup>20</sup>The Commission requests that the Exchange submit to the Division by July 1, 1996, a status report on the implementation of Rule 103A. The report should contain data, for each quarter of 1995 and the first quarter of 1996, on (1) the number of specialists that fell below acceptance levels of performance for each category; (2) the number of performance improvement actions commenced; (3) the number of units subjected to informal counseling to improve performance; and (4) a list of stocks reallocated due to substandard performance under the Rule and the particular unit involved.

<sup>21</sup> See Securities Exchange Act Release Nos. 24919 (September 15, 1987), 52 FR 35821 (September 23, 1987); and 25681 (May 9, 1988), 53 FR 17287 (May 16, 1987).

<sup>22</sup> See *supra* note 3.

<sup>23</sup> 15 U.S.C. 78s(b)(2) (1988).

<sup>24</sup> 17 CFR 200.30-3(a)(12) (1994).

<sup>10</sup> 15 U.S.C. 78f(5) (1988).

<sup>11</sup> 15 U.S.C. 78k(b) (1988).

<sup>12</sup> 17 CFR 240.11b-1 (1994).

<sup>13</sup> See generally NYSE Rule 104 (Dealing By Specialists); and Commission Rule 11b-1 under the Act, 17 CFR 240.11b-1 (1994).

<sup>14</sup> See Securities Exchange Act Release Nos. 34022 (May 6, 1994), 59 FR 25143 (May 13, 1994); 32285 (May 10, 1993), 58 FR 28905 (May 17, 1993); 29180 (May 8, 1991), 56 FR 22489 (May 15, 1991); and 28215 (July 17, 1990), 55 FR 30060 (July 24, 1990).

<sup>15</sup> See *supra*. Although the Exchange has developed the capital utilization and near neighbor measures of market making performance for use by the Allocation Committee, it has not yet proposed to include these objective measures in its Rule 103A program.

<sup>16</sup> See Securities Exchange Act Release No. 34022, *supra* note 3.

<sup>17</sup> See *supra* notes 5, 8 and 15.

<sup>18</sup> As of July 1996, the NYSE should have two years experience with the capital utilization measure and a full year's experience with the near neighbor measure of specialist performance.

<sup>19</sup> Assuming that the experience with the capital utilization and near neighbor measure is good, the NYSE should incorporate these measures in the Rule 103A evaluation prior to the Exchange's next request for an extension or permanent approval of the Rule. In this regard, the Commission expects the NYSE to submit to the Division of Market Regulation, by July 1, 1996, a proposed rule change pursuant to Rule 19b-4 under the Act, 17 CFR 240.19b-4, to extend the Rule 103A pilot.

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 self-regulatory organization.<sup>1</sup> 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

Currently, PHLX Rule 1001, "Position Limits,"<sup>2</sup> establishes the following position limits for FCOs: (i) 150,000 contracts for FCOs which had annual trading volume of at least 3,500,000 contracts; and (ii) 100,000 contracts for all other FCOs traded on the PHLX. The PHLX proposes to amend Exchange Rule 1001 and Exchange Rule 1002, "Exercise Limits,"<sup>3</sup> to increase the position and exercise limits for all FCOs to 200,000 contracts.

The text of the proposed rule change is available at the Office of the Secretary, PHLX, 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

<sup>1</sup> On April 5, 1995, the PHLX submitted a revised version of the text of the proposed rule change, which amends the text to indicate that the proposed position limit for foreign currency options ("FCOs") is 200,000 contracts. See Letter from Edith Hallahan, Special Counsel, Regulatory Services, to Michael Walinskas, Branch Chief, Office of Market Supervision ("OMS"), Division of Market Regulation ("Division"), Commission, dated April 5, 1995 ("Amendment No. 1"). On April 26, 1995, the PHLX amended PHLX Rule 1001, Commentary .05(c), to replace references to the current FCO position limits with references to the proposed FCO position limit and to designate current paragraph (c) as paragraph (b), in order to reflect the deletion of current paragraph (b). See Letter from Edith Hallahan, Special Counsel, Regulatory Services, PHLX, to Michael Walinskas, Branch Chief, OMS, Division, Commission, dated April 26, 1995 ("Amendment No. 2").

<sup>2</sup> Position limits impose a ceiling on the number of option contracts which an investor or group of investors acting in concert may hold or write in each class of options on the same side of the market (i.e., aggregating long calls and short puts or long puts and short calls).

<sup>3</sup> Exercise limits prohibit an investor or group of investors acting in concert from exercising more than a specified number of puts or calls in a particular class within five consecutive business days.

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

The PHLX proposes to increase the position limits for FCOs from the current two-tiered approach of 100,000 or 150,000 contracts to 200,000 contracts for all FCOs. The PHLX states that in recent years, the size of the underlying market for foreign currencies has grown steadily. Thus, the Exchange believes that the existing FCO position limits are too low, in view of the large market for the underlying foreign currencies. In addition, the Exchange believes that increasing the position limits for FCOs may increase the liquidity of the PHLX's FCO markets and encourage the migration of trading from the over-the-counter ("OTC") market.

PHLX FCO position limits were set initially at 10,000 contracts in 1982, when FCOs first began trading on the Exchange.<sup>4</sup> Since that time, the position limits have been raised four times.<sup>5</sup> In 1993, the Exchange filed a proposal to adopt a two-tiered approach to FCO position limits, which was approved by the Commission in September 1994.<sup>6</sup> According to the PHLX, many of the factors cited at that time continue to indicate that FCO position limits warrant an increase to 200,000 contracts. For example, the Chicago Mercantile Exchange ("CME") substituted "position accountability standards"<sup>7</sup> for position limits for futures and futures options on certain

<sup>4</sup> See Securities Exchange Act Release No. 19313 (October 14, 1982), 47 FR 46946 (October 21, 1982) (order approving File No. SR-PHLX-81-4).

<sup>5</sup> See Securities Exchange Act Release Nos. 21676 (January 18, 1985), 50 FR 3859 (January 28, 1985) (order approving File No. SR-PHLX-84-18 (increasing position limits from 10,000 to 25,000 contracts); 22479 (September 27, 1985), 50 FR 41276 (October 9, 1985) (order approving File No. SR-PHLX-85-22) (increasing position limits to 50,000 contracts); 23710 (October 15, 1986), 51 FR 37691 (October 23, 1986) (order approving File No. SR-PHLX-86-24) (increasing position limits to 100,000 contracts); and 34712 (September 23, 1994), 59 FR 50307 (October 3, 1994) (order approving File No. SR-PHLX-93-13) (adopting position limit of 150,000 contracts for FCOs with annual trading volume of at least 3,500,000 contracts).

<sup>6</sup> See Securities Exchange Act Release No. 34712, *supra* note 4.

<sup>7</sup> Position accountability standards require traders who own or control positions in excess of established limits to provide to the exchange, upon request, information regarding the nature of the position and the trading strategy employed.

foreign currencies.<sup>8</sup> As a result, the PHLX believes that the Exchange is placed at a serious competitive disadvantage.

In addition, the Exchange has since commenced trading customized FCOs,<sup>9</sup> in which positions are aggregated with other FCO positions in the underlying currency; however, customized option trading volume is not included in the volume calculation to determine the applicable position limit under the current two-tiered system. In addition to customized options, there are also other FCO products that are aggregated for position limit purposes, including long-term, month-end, cash/spot, and American- and European-style options.<sup>10</sup>

As a result, the PHLX claims that FCO participants have continued to accumulate positions near existing limits. If large traders continue to be restricted by the current position limit levels, the PHLX believes that trading interest could migrate to the OTC market, hampering PHLX liquidity. The Exchange believes that a higher position limit may enable such traders to consider, or return to, an exchange marketplace for their FCO trading. Thus, the PHLX believes that increased position and exercise limits are necessary to add depth and liquidity to the PHLX's FCO market. These increases are particularly appropriate because the FCO market attracts a large number of institutional and corporate investors with substantial hedging

<sup>8</sup> See Letter from Jean A. Webb, Secretary, Commodity Futures Trading Commission ("CFTC"), to Todd E. Petzel, Senior Vice President, Research, and Chief Economist, CME, dated January 2, 1992. In its notice of the CME's proposal, the CFTC states that "the nearly inexhaustible deliverable supply of major foreign currencies, such as those currently traded, coupled with the very high liquidity of the underlying cash markets and the ease of arbitrage between the cash and futures markets \* \* \* substantially lessen the threat of market manipulation or distortions caused by large \* \* \* positions. In this regard, it should be noted that the relative depth of deliverable supplies for futures and option contracts on foreign currencies is unique \* \* \*." See Speculative Position Limits—Exemption from CFTC Rule 1.61; CME Proposed Amendments to Rules 3902.D, 5001.E, 3010.F, 3012.F, 3013.F, 3015., 4604, and Deletion of Rules 3902.F, 5001.G, 3010.H., 3012.H, 3013.H, and 3015.H.

<sup>9</sup> See Securities Exchange Act Release No. 34925 (November 1, 1994), 59 FR 55720 (November 8, 1994) (order approving File No. SR-PHLX-94-18).

<sup>10</sup> See e.g., Securities Exchange Act Release Nos. 30672 (May 6, 1992), 57 FR 20546 (May 13, 1992) (order approving File No. SR-PHLX-91-30) (aggregating long-term FCOs); 30945 (July 21, 1992), 57 FR 33381 (July 28, 1992) (order approving File No. SR-PHLX-92-13) (aggregating month-end FCOs); 33732 (March 8, 1994), 59 FR 12023 (order approving File No. SR-PHLX-93-10) (aggregating cash/spot FCOs); and 24859 (August 27, 1987), 52 FR 33493 (September 3, 1987) (order approving File No. SR-PHLX-87-24) (aggregating European-style contracts).

needs. These investors utilize the PHLX marketplace by participating in block size transactions in FCOs to hedge exposure to fluctuations in exchange rates due to international business transactions, often many billions of dollars.

Since the most recent increase in position limits, the Exchange has continued to examine FCO position limits in light of the vast underlying currency market. The PHLX represents that the Commission has recognized that the interbank foreign currency spot market is an extremely large, diverse market consisting of banks and other financial institutions worldwide, supplemented by equally deep and liquid markets for standardized options, futures and futures options, as well as an active OTC market.<sup>11</sup>

The PHLX estimates that the size of the worldwide currency market has grown exponentially. In 1989, total gross global foreign exchange turnover was estimated to be \$932 billion per day and net global turnover was estimated to be \$640 billion per day.<sup>12</sup> In 1992, total gross global foreign exchange turnover was estimated to be \$1.354 billion per day, which represents a 35% increase since 1989. Further, global "net-net" exchange market turnover was estimated at \$880 billion; this takes into account local and cross-border double counting and estimated gaps in reporting.<sup>13</sup>

With respect to the underlying dollar value of FCO positions at the 200,000 contract level, the Exchange believes that the figure should be evaluated in the context of the worldwide currency market as a whole. According to the PHLX, as a percentage of total global currency turnover, the impact of a PHLX FCO position, even at 200,000 contracts, is minimal. For example, the Exchange estimates that 200,000 Deutsche mark contracts would represent far less than 2% of the daily international currency transaction volume in the Deutsche mark.<sup>14</sup> As a comparison, the Exchange emphasizes that the interbank currency market is exponentially larger than the daily volume on the New York Stock Exchange, Inc. ("NYSE"): \$8 billion on the NYSE as compared to \$800 billion in the currency markets.

<sup>11</sup> See Securities Exchange Act Release No. 34712, *supra* note 4.

<sup>12</sup> See Bank for International Settlements ("BIS") Central Bank Survey of Foreign Exchange Market Activity in 1989.

<sup>13</sup> See BIS Central Bank Survey of Foreign Exchange Market Activity in April 1992 (March 1993).

<sup>14</sup> 200,000 Deutsche mark contracts × \$2.500 contracts × .68 (of \$1.00) exchange rate = \$9 billion, which is 2% of \$544 billion.

The Exchange also believes that the proposed increase is reasonable in light of prior position limit increases. The 1992 increase represents a 50% increase in the two affected options. Previously, the Commission approved increases of 150%, 100%, and 100%.<sup>15</sup> Accordingly, the PHLX believes that the current proposal to raise the limits by 100% is in line with prior changes, and specifically does not create a higher increase than any prior one.

Because of the large size of the underlying market in foreign currencies, the PHLX does not believe that manipulative concerns would be enhanced if the limits were increased. With respect to the proposed increase in exercise limits, the Exchange believes that the proposal does not raise new concerns regarding manipulation or potential market disruption in the underlying currencies. The Exchange notes that its surveillance procedures are designed to detect violations of these limits. In addition, the Exchange notes that a higher limit for all FCOs should simplify and facilitate the implementation of such limits, without the volume reviews currently required, thereby eliminating the fluctuations in limits inherent in a volume-based approach.

The PHLX notes that the Commission has stated previously that although FCO position and exercise limits must be sufficient to protect the options and related markets from disruptions caused by manipulation, at the same time, the limits must not be so low as to discourage participation in the options market by institutions and other investors with substantial hedging needs or to prevent specialists and market makers from adequately meeting their obligations to maintain a fair and orderly market.<sup>16</sup>

For these reasons, and in light of these market changes, the Exchange believes that the proposed rule change is consistent with Section 6 of the Act, in general, and, in particular, with Section 6(b)(5), in that it is designed to promote just and equitable principles of trades as well as to protect investors and the public interest. The PHLX believes that the increased depth and liquidity of the FCO market should promote just and equitable principles of trade. The PHLX believes that this, in turn, should result in position limit levels that serve the

<sup>15</sup> In 1985, the first increase from 10,000 contracts to 25,000 contracts represented a 150% change while the second increase from 25,000 to 50,000 contracts represented a 100% increase; similarly, the 1986 change to 100,000 contracts represented a 100% change.

<sup>16</sup> See Securities Exchange Act Release No. 22479, *supra* note 5.

purposes of protecting investors and the public interest as well as preventing unfair acts and practices, such as manipulation.

*(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 received or requested.

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

Within 35 days of the date of 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 reason for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(a) By order approve such 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 Section, 450 Fifth Street, NW., Washington, DC. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to the file number in the caption above and should be submitted by June 6, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>17</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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[Release No. 34-35699; File No. SR-PHLx-95-22]

**Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to the Listing and Trading of Options on the PHLX Super Cap Index**

May 10, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on April 10, 1995, 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 Exchange proposes to list and trade options on the Phlx Super Cap Index ("Super Cap Index" or "Index"), a capitalization weighted index developed by the Phlx composed of the

five largest stocks, by capitalization, traded on the New York Stock Exchange ("NYSE"). Exchange Rules 1000A, Applicability and Definitions; 1001A, Position Limits; 1006A, Other Restrictions on Options Transactions and Exercises; 1047A, Trading Rotations, Halts or Reopenings; 1101A, Terms of Option Contracts; and 722, Margin Accounts will be amended to include reference to this proposed Index. The text of the proposed rule changes is available at the Office of the Secretary, the Exchange, 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 Exchange included statements concerning the purpose of and basis for the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Section (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 Phlx proposes to list for trading an European-style option<sup>3</sup> on the Phlx Super Cap Index which is composed of the five largest capitalized common stock issues traded on the New York Stock Exchange.

The Phlx believes there are numerous benefits to listing the Super Cap Index options. First, the Exchange believes that the Super Cap will appeal to individual investors as well as program and basket traders because the Index reflects the direction and pricing of some of the nation's largest and most important companies. These stocks are frequently found in investor and trader portfolios alike and currently account for 10% of the capitalization on the NYSE.<sup>4</sup> Second, because the Super Cap Index is based on a relatively small number of actively traded stocks, replication of the Index for hedging purposes with underlying stocks can be readily accomplished with complete accuracy. Thus, the Phlx believes that the proposed Super Cap Index is unique and will fill a current market void. Third, the Exchange does not believe that the Super Cap Index will be susceptible to manipulation as the stocks comprising the Super Cap Index are some of the largest and most widely held common stocks in the country.

The Phlx represents that as of April 5, 1995, the market capitalization of the individual stocks in the Index ranged from a high of \$93.8 billion to a low of \$59.7 billion. The market capitalization of all five of the stocks in the Index was approximately \$394 trillion. As of that same date, no one stock accounted for more than 23.81%, or less than 15.17%, of the Index's total value.

The formula for calculating the Super Cap Index "Current Index Value" is as follows:

$$\text{Current Index Value} = \frac{\text{total capitalization}}{\text{divisor}}$$

total capitalization = the sum of the market values (price times shares outstanding) for all of the component issues

$$\text{divisor} = \frac{\text{total capitalization}}{\text{old index value}}$$

The index value was set at a starting value of 200 as of January 12, 1995. In order to maintain continuity in the value of the Index, the Index divisor will be adjusted for changes in capitalization of any of the component issues resulting from, among other things, mergers, acquisitions, delistings, and substitutions. Adjustments in the value of the Index which are necessitated by the addition and/or the

deletion of an issue from the Index are made by adding and/or subtracting the market value (price times shares outstanding) of the relevant issues. The value of the index as of the close of trading on Wednesday, April 5, 1995 was 214.42.

The Super Cap Index value will be updated dynamically at least once every 15 seconds during the trading day. The Phlx has retained Bridge Data, Inc. to

compute and do all necessary maintenance of the Index. Pursuant to Phlx Rule 1100A, updated Index values will be disseminated and displayed by means of primary market prints reported by the Consolidated Tape Association and over the facilities of the Options Price Reporting Authority. The Index value will also be available on broker/dealer interrogation devices to subscribers of the option information.

<sup>17</sup> 17 CFR 200.30-3(a)(12) (1994).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> European-style options can be exercised only during a specific time period prior to expiration of the options.

<sup>4</sup> New York Stock Exchange's Fact Book 1994.