

subsequently entered in such pilot stock will be accepted only to trade on the opposite side of the market in relation to such published imbalance. These procedures allow NYSE specialists to obtain an indication of the buying and selling interest in MOC orders at expiration and, if there is a substantial imbalance on one side of the market, to provide the investing public with timely and reliable notice thereof and with an opportunity to make appropriate investment decisions in response thereto.

The Commission believes that these auxiliary closing procedures should enable market participants to gain a more accurate picture of the buying and selling interest in MOC orders at expiration. By requiring early submission of MOC orders and disseminating significant imbalances (50,000 shares or more) in all stocks, the NYSE should be able to attract contra-side interest to help alleviate imbalances caused by the liquidation of stock positions. Based on the NYSE's experience,¹⁷ the Commission believes that the MOC order handling requirements work relatively well and may result in more orderly markets at the close on expiration days.

Moreover, the Commission believes that approval of Amendment No. 1 should contribute to the overall effectiveness of these auxiliary closing procedures. Currently, on expiration days, specialists may disseminate notices of MOC order imbalances only in the pilot stocks. That is, the expiration day MOC procedures do not allow for the dissemination of notices of MOC order imbalances in any stocks other than the pilot stocks. As a result, on expiration days, the MOC procedures completely prohibit the entry of MOC orders after 3:40 p.m. in all non-pilot stocks. In contrast, the procedures used on non-expiration days allow for the dissemination of notices of MOC order imbalances in all stocks and, therefore, allow for the entry of MOC orders after the 3:50 p.m. cut-off time in all stocks.¹⁸ Approval of Amendment No. 1, which was submitted in response to the

Commission's suggestion,¹⁹ will conform more closely the auxiliary closing procedures used on expiration days with those already permanently approved for non-expiration days. Approval also will ensure that the potentially beneficial effect of the pilot's auxiliary closing procedures will be available to all stocks rather than just the pilot stocks.

The Commission is approving an extension of the pilot program, along with Amendment No. 1, through October 1996. During the pilot extension, the Commission expects the NYSE to continue to monitor closely the effectiveness of the procedures, and to submit a report with all of the same data previously requested for prior periods. The report should cover all expirations through June 1996 and must be submitted to the Commission no later than July 31, 1996²⁰ along with a proposed rule change that should either request an additional extension of the pilot program or permanent approval of the pilot procedures.

The Commission finds good cause for approving the proposed rule change and Amendment No. 1 prior to the thirtieth day after the date of publication of notice of filing thereof in the Federal Register. This rule change will permit the procedures to continue on an uninterrupted basis. In addition, and as previously discussed, Amendment No. 1 will put into place auxiliary closing procedures for expiration days that closely mirror those used on non-expiration days. These non-expiration day procedures were approved on a permanent basis in October 1992 following a full notice period during which no comments were received.²¹ Since that time, the Commission has not been made aware of any concerns regarding the non-expiration day procedures and, therefore, believes that it is appropriate to approve the procedures provided for by Amendment No. 1 on an accelerated basis.

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 20549. 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-NYSE-95-28 and should be submitted by November 17, 1995.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²² that the proposed rule change is hereby approved on a pilot basis through October 31, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority,²³

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 95-26701 Filed 10-26-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-36406; File No. SR-PHLX-95-75]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc., Relating to the Price Weighting of the PHLX Forest and Paper Products Sector Index

October 23, 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 October 17, 1995, 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. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

¹⁷ The NYSE has submitted to the SEC several monitoring reports describing its experience with the closing procedures. The most recent report was submitted to the SEC by the NYSE on July 28, 1995.

¹⁸ The closing procedures for non-expiration days require that all MOC orders be entered, reduced or cancelled no later than 3:50 p.m. As soon as practicable after 3:50, the specialist must disseminate any MOC order imbalance of 50,000 shares or more in pilot stocks, stocks being added to or dropped from an index and, upon the request of a specialist, any other stock with the approval of a Floor Official. After 3:50 p.m., MOC orders may be entered in any stock in which there is a published imbalance, but only to offset the imbalance. See Release No. 35589, *supra* note 14.

¹⁹ See Release No. 35589, *supra* note 14, n.16.

²⁰ The Commission requires that the NYSE also include in the report any additional data and analysis that may be useful in assessing the effectiveness of the procedures currently being used to reduce excess market volatility on expiration Fridays.

²¹ See Securities Exchange Act Release No. 31291 (October 6, 1992), 57 FR 47149 (File No. SR-NYSE-92-12).

²² 15 U.S.C. § 78s(b)(2).

²³ 17 CFR 200.30-3(a)(12).

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

The PHLX proposes to change the method of calculating the PHLX Forest and Paper Products Sector Index ("Index") from equal dollar weighting to price weighting. Options on the cash-settled, European-style¹ Index, which is comprised of the stocks of 14 domestic forest and paper product companies became eligible for Exchange trading on September 6, 1995.² However, the PHLX has not yet commenced trading.

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 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 Purposes of, and Statutory Basis for, the Proposed Rule Change

The Purpose of the proposed rule change is to change the method of calculating the Index from equal dollar weighting to price weighting. Options on the cash-settled, European-style Index became eligible for Exchange trading on September 6, 1995.³ However, the PHLX has not yet commenced trading. The Index is comprised of the stocks of 14 domestic forest and paper product companies which, the PHLX represents, effectively represent the available forest and paper products industry.⁴ The PHLX

¹ A European-style option can be exercised only during a specified period immediately prior to the expiration of the option.

² See Securities Exchange Act Release No. 36193 (September 6, 1995), 60 FR 47635 (September 13, 1995) (File No. SR-PHLX-95-56) ("Index Release").

³ *Id.*

⁴ The components of the Index are: Boise Cascade; Bowater Inc.; Champion International Corporation; Federal Paper Board Company; Georgia Pacific Corporation; International Paper Company; James River Corporation; Louisiana Pacific Corporation; Mead Corporation; Stone Container Corporation; Temple Inland, Inc.; Union

originally submitted its proposal to list and trade options on the Index pursuant to and in accordance with the procedures set forth in Securities Exchange Act Release No. 34157.⁵ The PHLX represents that the price-weighted Index will continue to meet the criteria provided in the Generic Index Approval Order, and codified in PHLX Rule 1009A, "Designation of the Index," for listing options on narrow-based indexes.

According to the PHLX, the Exchange recently received comments from potential investors that the Index's equal dollar weighting would cause hardship to investors who hedge their portfolios with baskets of the underlying stocks. The PHLX states that such investors would have to adjust their positions in every one of the underlying 14 stocks every quarter when the Index is rebalanced. The PHLX received a suggestion that Index options would be a more liquid product if the Index were price weighted, and after speaking to other prospective users, the Exchange has determined to make the proposed change in order to address their concerns. The current proposal changes no other aspect of the original Index filing. Below is a review of the Index's specifications.

Ticker Symbol: FPP.

Underlying Index: The Index will be a price weighted index comprised of stocks from 14 domestic forest and paper products companies. All 14 stocks in the Index are traded on the New York Stock Exchange ("NYSE") and are therefore "reported securities" as defined in Rule 11Aa-3-1 under the Act. The PHLX represents that all of the Index's component stocks presently meet the listing criteria for equity options contained in PHLX Rule 1009, "Criteria for Underlying Stocks," and are currently the subject of standardized options trading in the U.S.

According to the PHLX, as of October 11, 1995, the market capitalization of all of the stocks in the Index exceeded \$57 billion and the individual capitalizations of the Index's component stocks ranged from \$1.7 billion to \$9.6 billion. The PHLX states that all 14 of the Index's component stocks had monthly trading volumes in excess of one million shares over each of the past six months from April through September 1995.

Index Calculation: The Index will be computed using the following formula:

$$\frac{SP_1 + SP_2 + \dots + SP_{14}}{\text{divisor}} \times 100$$

where:

SP = current stock price
divisor = number of stocks in the Index

To maintain the continuity of the Index, the divisor will be adjusted to reflect non-market changes in the prices of the component securities as well as changes in the composition of the Index. Changes which may result in divisor adjustments include, but are not limited to, stock splits and dividends, spin-offs, certain rights issuances, and mergers and acquisitions. If the Index fails at any time to satisfy the maintenance criteria set forth in the Generic Index Approval Order, the Exchange will immediately notify the Commission of that fact and will not open for trading any additional series of options on the Index unless the Exchange determines that such failure is not significant and the Commission concurs in that determination or unless the continued listing of options on the Index has been approved by the Commission under Section 19(b)(2) of the Act.

Absent Commission approval, the PHLX will not increase to more than 19, or decrease to fewer than 9, the number of stocks in the Index, nor will the PHLX make any change in the composition of the Index that would cause fewer than 90% of the stocks, by weight, or fewer than 80% of the total number of stocks in the Index to qualify as stocks eligible for equity options trading under PHLX Rule 1009, "Criteria for Underlying Stocks."⁶ The PHLX will take into account the capitalization, liquidity, volatility and name recognition of any proposed replacement stock and assure that the Index continues to meet the maintenance criteria provided in PHLX Rule 1009.

The Index will be disseminated every 15 seconds during the trading day. The PHLX has retained Bridge Data, Inc. to compute and perform all necessary maintenance of the Index. Pursuant to PHLX Rule 1100A, "Dissemination of Information," 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

⁶ In addition, the Generic Index Approval order requires that at all times, at least 90% of the stocks in the Index, by weight, and 80% of the total number of stocks comprising the Index, individually, must satisfy the Exchange's rules governing the listing and maintenance of listing of options thereon. See Generic Index Approval Order, *supra* note 5.

Camp Corporation; Westvaco Corporation; and Weyerhaeuser Company.

⁵ See Securities Exchange Act Release No. 34157 (June 3, 1994), 59 FR 30062 (June 10, 1994) ("Generic Index Approval Order").

Price Reporting Authority ("OPRA").⁷ The Index value also will be available on broker/dealer interrogation devices to subscribers of the option information.

Unit of Trading: Each options contract will represent \$100, the Index multiplier, times the Index value. For example, an Index value of 200 will result in an option contract value of \$20,000 (\$100×200).

Exercise Price: The exercise price will be set at 5 point intervals in terms of the current value of the Index. The PHLX will list additional exercise prices in accordance with PHLX Rule 1101A(a), "Terms of Option Contracts."

Aggregate Exercise Price: The aggregate exercise price is found by multiplying the Index multiplier (\$100) by the exercise price.

Settlement Price Determination: The Index option settlement value will be determined by using the opening prices of the component stocks on the third Friday of each month.

Settlement Value: Based upon the opening prices of the component stocks on the last day prior to expiration.

Last Trading Day: The Thursday prior to the third Friday of the month for options which expire on the Saturday following the third Friday of that month.

Trading Hours: 9:30 a.m. to 4:10 p.m. EST.

Position and Exercise Limits: The Index is an industry index and the PHLX will apply position and exercise limits pursuant to PHLX Rules 1001A(b)(i), "Position Limits," and 1002A, "Exercise Limits," respectively. Therefore, the position and exercise limits will be 12,000 contracts.

Expiration Cycles: Three months from the March, June, September, December, cycle plus at least two additional near-term months. The PHLX also will trade long-term Index options having up to 36 months to expiration pursuant to PHLX Rule 1101A(b)(iii).

Issuer and Guarantor: The Options Clearing Corporation ("OCC")

Premium Quotations: Premiums will be expressed in terms of dollars and fractions of dollars pursuant to PHLX Rule 1033A, "Meaning of Premium Bids and Offers." For example a bid or offer of 1½ will represent a premium per options contract of \$150 (1½×100). The minimum change in a premium under \$3 will be ¼ and ⅛ for a quote of \$3 or greater.

⁷ In the Index Release, the PHLX represented that the PHLX and OPRA have the necessary systems capacity to support the new series of options that will result from the introduction of options and long-term options on the Index. See Index Release, *supra* note 2.

The Index options will be traded pursuant to current PHLX rules governing the trading of index options.⁸ In addition, the Exchange represents that surveillance procedures currently used to monitor trading in each of the Exchange's other index options will also be used to monitor trading in Index options. These procedures include having complete access to trading activity in the underlying securities, which are all traded on the NYSE. In addition, the Intermarket Surveillance Group Agreement ("ISG Agreement"), dated July 14, 1983, as amended on January 29, 1990, will be applicable to the trading of Index options.

The PHLX believes that the proposal is consistent with Section 6(b) 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 trade, prevent fraudulent and manipulative acts and practices, foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, remove impediments to and perfect the mechanism of a free and open market and a national market system, as well as to protect investors and the public interest.

(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 solicited or received.

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

Because the foregoing rule change: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) the Exchange provided the Commission with notice of its intent to file the proposed rule change, along with a brief description and the text of the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission, it has become effective

⁸ See PHLX Rules 1001A through 1102A, "Limitation of Exchange Liability," and 1000, "Applicability, Definitions, and References," through 1072, "Reporting Requirements Applicable to Short Sales in NASD/NM Securities."

pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(e)(6) thereunder.⁹

A proposed rule change filed under Rule 19b-4(e)(6)¹⁰ does not become operative prior to 30 days after the date of filing or such shorter times as the Commission may designate unless such action is consistent with the protection of investors and the public interest. The PHLX has requested that the Commission accelerate the implementation of the proposed rule change so that it may take effect prior to the 30 days specified under Rule 19b-4(e)(6) because the PHLX plans to begin trading Index options on October 24, 1995. The Commission finds that the proposed rule change is consistent with the protection of investors and the public interest and therefore has determined to make the proposed rule change operative as of October 24, 1995.

In particular, the Commission finds that the proposal makes a non-controversial amendment to a proposed rule change that was published for the full notice and comment period in the Federal Register on September 13, 1995.¹¹ The Commission has received no comments on that proposal.¹² In addition, the Commission notes that the Index, as amended, continues to meet the requirements of the Generic Index Approval Order, which permits indexes filed under those procedures to use either price, capitalization, or equal dollar weighting methods.¹³

At any time within 60 days of the filing of such 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. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange

⁹ 17 CFR 240.19b-4(e)(6) (1994).

¹⁰ *Id.*

¹¹ See Index Release, *supra* note 2.

¹² With equal dollar weighting, each component stock of the Index represented between 7.12% and 7.16% of the value of the Index. With price weighting, the most highly capitalized stock in the Index equals 13.98% of the Index weight and the top five stocks in capitalization represent 49.06% of the Index weight. Accordingly, when the Index is calculated through price weighting rather than equal dollar weighting, the Index continues to comply with the requirements of the Generic Index Approval Order.

¹³ See Generic Index Approval Order, *supra* note 5.

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 submission should refer to the file number in the caption above and should be submitted by November 17, 1995.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 95-26702 Filed 10-26-95; 8:45 am]
BILLING CODE 8010-01-M

SMALL BUSINESS ADMINISTRATION

[Application No. 99000174]

ABN AMRO Capital Inc.; Notice of Filing of an Application for a License To Operate as a Small Business Investment Company

Notice is hereby given of the filing of an application with the Small Business Administration (SBA) pursuant to Section 107.102 of the Regulations governing small business investment companies (13 CFR 107.102 (1995)) by ABN AMRO Capital Inc., at 135 South LaSalle Street Suite 725, Chicago, Illinois 60674-9135 for a license to operate as a small business investment company (SBIC) under the Small Business Investment Act of 1958, as amended, (15 U.S.C. §§ 661 *et seq.*), and the Rules and Regulations promulgated thereunder.

The applicant is a wholly owned second tier subsidiary of ABN AMRO Bank formed under Delaware law.

The applicant's officers will be Paul J. Widuch (President), Robert K. Quinn (Secretary), and Dennis J. O'Malley (Treasurer). All three of these individuals are officers of ABN AMRO Bank, N. V. and/or ABN AMRO North America, Inc., and each has extensive

experience in banking, finance, and investment analysis.

ABN AMRO Capital Inc. will begin operations with committed capital of \$2.5 million from ABN AMRO North America, Inc. with additional capital contributed over time, as necessary, to fund investment opportunities when they arise once applicant is granted a license to operate as a small business investment company. ABN AMRO Capital Inc.'s entire \$2.5 million of initial private capital is being contributed by ABN AMRO North America, Inc. Accordingly, the following shareholder will own 10 percent or more of the proposed SBIC:

Name	Percentage of ownership
ABN AMRO North America, Inc., 135 South LaSalle Street, Chicago, IL. 60674-9135	100

The applicant intends to focus on subordinated debt and equity investments in small to medium size companies across a variety of industries. The applicant anticipates making portfolio investments in various products and services, manufacturing, industrial equipment and technology, industrial chemicals and materials, business products and services, distribution companies, health care and project financings.

The applicant does not plan to seek financing from the SBA.

Matters involved in SBA's consideration of the application include the general business reputation and character of the proposed owners and management, and the probability of successful operations of the new company under their management, including profitability and financial soundness in accordance with the Act and Regulations.

Notice is hereby given that any person may, not later than 15 days from the date of publication of this Notice, submit written comments on the proposed SBIC to the Associate Administrator for Investment, Small Business Administration, 409 3rd Street, SW., Washington, DC 20416.

A copy of this Notice will be published in a newspaper of general circulation in Chicago, Illinois.

(Catalog of Federal Domestic Assistance Programs No. 59.011, Small Business Investment Companies)

Dated: October 20, 1995.
Don A. Christensen,
Associate Administrator for Investment.
[FR Doc. 95-26668 Filed 10-26-95; 8:45 am]
BILLING CODE 8025-01-P

DEPARTMENT OF TRANSPORTATION

Office of the Secretary

[Docket OST-95-267, (Order 95-10-33)]

Application of Custom Air Transport, Inc., for Certificate Authority

AGENCY: Department of Transportation.

ACTION: Notice of order to show cause.

SUMMARY: The Department of Transportation is directing all interested persons to show cause why it should not issue an order finding Custom Air Transport, Inc., fit, willing, and able, and awarding it a certificate of public convenience and necessity to engage in interstate scheduled air transportation of property and mail.

DATES: Persons wishing to file objections should do so no later than November 7, 1995.

ADDRESSES: Objections and answers to objections should be filed in Docket OST-95-267 and addressed to the Documentary Services Division (C-55, Room PL-401), U.S. Department of Transportation, 400 Seventh Street, SW., Washington, DC 20590 and should be served upon the parties listed in Attachment A to the order.

FOR FURTHER INFORMATION CONTACT: Ms. Carol A. Woods, Air Carrier Fitness Division (X-56, Room 6401), U.S. Department of Transportation, 400 Seventh Street, SW., Washington, DC 20590, (202) 366-2340.

Dated: October 20, 1995.
Mark L. Gerchick,
Acting Assistant Secretary for Aviation and International Affairs.
[FR Doc. 95-26634 Filed 10-26-95; 8:45 am]
BILLING CODE 4910-62-M

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

[Docket No. 301-101]

Denial of Benefits Under Trade Agreement by the European Union: Initiation of Investigation; Proposed Determination; Request for Public Comment; and Public Hearing

AGENCY: Office of the United States Trade Representative.

ACTION: Notice of initiation of investigation, proposed determination,

¹⁴ 17 CFR 200.30-3(a)(12) (1994).