

on computer bulletin boards shared by non-law enforcement organizations or individuals in the public and private sectors.

The Postal Inspection Service is the law enforcement arm of the Postal Service (18 U.S.C. 3061). This new routine use would allow the Postal Inspection Service to elicit from users of computer bulletin boards information or cooperation required to perform an authorized activity, or to alert users of possible criminal activity for which the Postal Inspection Service has authority to investigate and about which it has obtained credible information.

This new use will also directly benefit the anti-crime efforts of the Postal Inspection Service and organizations that are customers of the Postal Service, such as credit card issuers, health care providers, and insurance carriers.

Currently, the Postal Inspection Service is working with these organizations to detect and prevent fraud and mail-related crimes.

In addition to assisting the Postal Inspection Service in its detection and apprehension efforts, the information to be disclosed on the bulletin boards by this new routine use will help prevent fraud by alerting users of the bulletin boards with information about a particular criminal activity within their industries.

Pursuant to 5 U.S.C. 552a(r) and paragraph 4.c.(1)(f) of Appendix 1 of Office of Management and Budget Circular A-130, Federal Information Resources Management, interested persons are invited to submit written data, views, or arguments on this proposal. A report of the proposed system has been sent to Congress and to the Office of Management and Budget for their evaluation.

New Routine Use

The most recent description of USPS 080.010 appears at 54 FR 11798, dated March 20, 1991. It is proposed that routine use No. 12 be added to that system description as follows:

USPS 080.010

SYSTEM NAME:

Inspection Requirements—
Investigative File System, 080.010.

AUTHORITY FOR MAINTENANCE OF THE SYSTEM:

39 U.S.C. 404, 18 U.S.C. 3061, and 5 U.S.C., App. 3.

ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND THE PURPOSES OF SUCH USES:

General routine use statements a, b, c, d, e, f, g, h, j, k, l, and m listed in the prefatory statement at the beginning of

the Postal Service's published system notices apply to this system. Other routine uses are as follows:

* * * * *

[Add:]

12. A record from this system may be disclosed on an electronic bulletin board to organizations or individuals in the public or private sectors that share in the bulletin board, provided that the disclosure is deemed necessary: (1) To elicit information or cooperation from these organizations or individuals for use by the Postal Inspection Service in the performance of an authorized activity; or (2) to alert these organizations or individuals of possible criminal activity for which the Postal Inspection Service has authority to investigate and about which it has obtained credible information.

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Stanley F. Mires,
Chief Counsel, Legislative.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-36458; File No. SR-CBOE-94-53]

Self-Regulatory Organizations; Notice of Filing of Amendments No. 1 to Proposed Rule Change by the Chicago Board Options Exchange, Inc. Relating to Financial Requirements for Clearing Members

November 6, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on October 13, 1995, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") Amendment No. 1 to its previously filed proposed rule change as described in Items I, II, and III below, which Items have been prepared by the CBOE.² The Commission is publishing this notice to solicit comments on the amendment to the proposed rule change from interested persons.

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

The CBOE proposes to make certain minor changes to the proposed rule

change previously filed relating to financial requirements for clearing members.

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 as they pertain to the proposed amendment.³

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The purpose of the proposed rule change is to adopt a Regulatory Circular that would require all Exchange members that clear options market maker transactions on a proprietary or market maker customer basis to calculate options market maker haircuts in accordance with a haircut methodology developed jointly by the Exchange and The Options Clearing Corporation based on the theoretical options pricing model of Cox-Ross-Rubinstein. The purpose of this amendment is to make certain minor changes to the proposed Regulatory Circular. This amendment deals largely with haircuts applicable to market maker positions in certain broad-based index products and qualified stock baskets.

As proposed to be amended, the Regulatory Circular will more clearly state that computed gains and losses for qualified stock baskets must be taken into account when determining haircuts for an options market maker's complete position in a broad-based index class or product group. The amended Regulatory Circular also will permit 50% of the gain in a broad-based market index product group to offset the loss in a different broad-based index product group at the same valuation point, and would simplify the description of various other permitted offsets. The definition of what constitutes a qualified stock basket in relation to an index is proposed to be amended to

¹ 15 U.S.C. § 78s(b)(1) (1988).

² The proposed rule change was noticed for comment in Securities Exchange Act Release No. 35282 (February 2, 1995), 60 FR 6577.

³ A summary of the Exchange's statements concerning the purpose and statutory basis of the proposed rule change is contained in the notice of its filing, *supra* note 2.

require that the basket represents no less than 50% of the capitalization of a broad-based market index, and no less than 95% of the capitalization of a narrow-based index. The minimum charge for a non-high-cap index basket is proposed to be 7½%, and the Regulatory Circular will recognize that broker-dealers may utilize theoretical options pricing models and vendors of such information as approved from time to time by the Commission. If amended Rule 15c3-1 as finally adopted by the Commission differs from CBOE's Regulatory Circular, CBOE promptly will file an amendment to its Regulatory Circular to bring it into conformity with the Commission's Rule.

CBOE believes that the proposed Regulatory Circular, as proposed to be amended, is consistent with and furthers the objective of Section 6(b)(5) of the Securities Exchange Act of 1934 in that, by establishing a uniform haircut treatment applicable to all market maker positions, it will contribute to the protection of investors and the public interest.

(B) Self-Regulatory Organization's Statement on Burden on Competition

CBOE does not believe that the proposed amendment to the 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

Written comments on the proposed amendment to the rule change were neither solicited nor received.

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 reasons 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, 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 Section, 450 Fifth Street, N.W., Washington, D.C. 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 File No. SR-CBOE-94-53 and should be submitted by November 29, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁴

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-36460; File No. SR-Phlx-95-61]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc., Relating to a Reduction of the Value of the Phlx National Over-the-Counter Index

November 6, 1995.

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 September 22, 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 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 Phlx, pursuant to Rule 19b-4 of the Act, proposes to reduce the value of

its National Over-the-Counter Index ("Index") option ("XOC") to one-half of its present value by doubling the divisor used in calculating the Index. The Index is a capitalization-weighted market index composed of the 100 largest capitalized stocks trading over-the-counter. The other contract specifications for the XOC remain unchanged.

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 Phlx 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 Phlx 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 began trading the XOC in 1985.³ The Index was created with a value of 150 on its base date of September 28, 1984, which rose to 548 in June 1994, and to 700 in June 1995. On September 14, 1995, the Index value was 868. Thus, the value has increased significantly, especially during the last year. Consequently, the premium for XOC options has also risen.

As a result, the Phlx proposes to conduct a "two-for-one split" of the Index, such that the value will be reduced by one-half. The number of XOC contracts will be doubled, such that for each XOC contract currently held, the holder will receive two contracts at the reduced value, with a strike price of one-half the original strike price. For instance, the holder of an XOC 800 call will receive two XOC 400 calls. In addition to the strike price being reduced by one-half, the position and exercise limits applicable to the XOC will be doubled, from 17,000 contracts to 34,000 contracts until the last expiration then trading.⁴ Currently, the last expiration month trading in

³ See Securities Exchange Act Release Nos. 21576 (January 18, 1985), 50 FR 3445 (January 24, 1985); and 22044 (May 17, 1985), 50 FR 21532 (May 24, 1985) (File No. SR-Phlx-84-28).

⁴ Separately, the Exchange is proposing to increase the XOC position and exercise limits to 25,000 contracts. See SR-Phlx-95-38.

¹ 17 CFR 200.30-3(a)(12) (1994).

² 15 U.S.C. § 78s(b)(1) (1988).

³ 17 CFR 240.19b-4 (1994).