

generation, transmission, or distribution of electric energy for sale. Furthermore, it is stated that the Energy Subsidiaries will limit their activities to ensure that they do not come within the definitions of either "electric utility company" or "gas utility company," as defined by sections 2(a)(3) and 2(a)(4) of the Act, respectively.

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

Margaret H. McFarland,
Deputy Secretary.

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Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Incorporated Relating to Exchange Fees

October 25, 1996.

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 24, 1996, the Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the CBOE. 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 CBOE is proposing to waive Exchange fees on transactions in Equity FLEX options from the start of trading of Equity FLEX options, which is scheduled to begin on October 24, 1996, until January 31, 1997. The text of the proposed rule change is available at the Office of the Secretary, CBOE 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 CBOE 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 CBOE 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, Proposed Rule Change

The purpose of this proposed rule change is to waive Exchange fees related to transactions in Equity FLEX options from the start of trading of these options on the Exchange until January 31, 1997. The Exchange plans to begin trading Equity FLEX options on October 24, 1996. The fees affected and the amount of the fees absent any reduction or rebate¹ are: (1) Exchange transaction fees, which are \$.05 per contract side for market-makers, \$.06 for member firm proprietary trades, \$.15 for customer trades for options under \$1, and \$.30 for customer trades for options of \$1 or more; (2) trade match fees, which are \$.04 per contract side for all trades; and (3) floor broker fees, which are \$.03 per contract side for all trades. The foregoing fee changes are being implemented by the Exchange pursuant to CBOE Rule 2.22. The Exchange will distribute a circular to its members to notify them of this waiver of Exchange fees.

The Exchange is adopting this waiver of fees related to transactions in Equity FLEX options in order to promote trading in the these options at the outset of their trading on the Exchange. The Exchange believes that the reduction in the fees may encourage more participation in the trading of these options and enhance the prospect that Equity FLEX options will prosper on the Exchange in the future. The fee reduction also will place the Exchange in a position to compete effectively for business in Equity FLEX options with other exchanges trading the same product.

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act, in general, and furthers the objectives of Section 6(b)(4) of the Act in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other changes among CBOE members.

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.

¹ The fees may actually be less than these amounts pursuant to the Exchange's Prospective Fee Reduction Schedule, the Customer Large Trade Discount Program, and rebate programs that have been filed with the Commission as part of the Exchange's fee schedule.

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 rule change establishes or changes a due, fee, or other charge imposed by the Exchange, it has become effective pursuant to Section 19(b)(3)(A) of the Act and subparagraph (e) of Rule 19b-4 thereunder. 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. 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. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the CBOE. All submissions should refer to File No. SR-CBOE-96-65 and should be submitted by November 22, 1996.

For the Commission, by the Division of market Regulation, pursuant to delegated authority.²

Margaret H. McFarland,
Deputy Secretary.

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² 17 CFR 200.30-3(a)(12).