

Certain definitions in OCC's by-laws have been amended to be consistent with the previously approved PHLX rules.⁶ Articles I, XV, and XX of OCC's by-laws regarding expirations dates and times for standard option contracts, foreign currency options, and cross-rate foreign currency options, respectively, have been amended to better define the distinction between standard foreign currency options and flexibly structured FCOs and will clarify that, but for standard flex FCOs established on or before January 14, 1997, all flexibly structured FCOs, whether standard flex FCOs or custom dated flex FCOs, will expire at 10:15 a.m. on the expiration date and be subject to a pro rata assignment process. In addition, Section 1.E(4)(iii) of Articles XV and XX of OCC's by-laws will serve as a transitional rule to govern the expiration time and assignment processing to be used for existing standard flex FCO contracts (*i.e.*, standard flex FCO contracts established on or before January 14, 1997) and to exempt such standard flex FCO contracts from the rule change.

II. Discussion

Section 17A(b)(3)(F) of the Act⁷ provides that the rules of a clearing agency must be designed to promote the prompt and accurate clearance and settlement of securities transactions. The Commission believes that the proposed rule change is consistent with OCC's obligation under the Act because it will increase uniformity in the expiration time and assignment processing procedures for all flexibly structured FCOs. Because OCC has modified its by-laws to create uniform expiration times for all flexibly structured FCO contracts listed for trading after January 14, 1997 with an expiration on or after April 1, 1997 to 10:15 a.m. ET, any investor confusion resulting from the disparate expiration times for standard flex FCOs and custom flex FCOs should be reduced which should promote the prompt and accurate clearance and settlement of securities transactions.

Furthermore, OCC's by-laws also have been modified to require that exercise notices regarding both custom flex and standard flex FCOs be assigned pursuant to OCC's pro rata procedures as opposed to random assignment procedures. Under random assignment procedures, option writers are randomly

assigned and exercised against.⁸ Under pro rata assignment, the number of contracts assigned to a particular option writer is directly proportional to the total number of option contracts assigned to all option writers.⁹ Pro rata assignment should allow member participants to ascertain their exercise exposures more quickly than with random assignment processing. Accordingly, because standard flex FCO writers will be able to ascertain their exposures, the rule change should increase liquidity thereby enhancing the prompt and accurate clearance and settlement of securities transactions.

OCC has requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing. The Commission finds good cause for so approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing so that the proposal can be implemented by January 14, 1997 in conjunction with the end of a foreign currency options expiration cycle.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 17A of the Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-OCC-96-19) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Margaret H. McFarland,
Deputy Secretary.

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SMALL BUSINESS ADMINISTRATION

Revocation of License of Small Business Investment Company

Pursuant to the authority granted to the United States Small Business Administration by the Final Order of the United States District Court for the Central District of California dated July

⁸ For example, option writers could have none, some, or all of their positions in a particular series of contracts assigned.

⁹ For example, under pro rata processing if 25% of all outstanding contracts in a particular series are exercised, an individual writer will know that only 25% of its short position in such contracts will be assigned.

¹⁰ 17 CFR 200.30-3 (a) (12).

22, 1996, the United States Small Business Administration hereby revokes the license of Builders Capital Corporation, a California corporation, to function as a small business investment company under Small Business Investment Company License No. 09/09-0209 issued to Builders Capital Corporation on November 10, 1977 and said license is hereby declared null and void as of September 18, 1996.

Dated: January 14, 1997.

United States Small Business Administration.

Don A. Christensen,

Associate Administrator for Investment.

[FR Doc. 97-1286 Filed 1-17-97; 8:45 am]

BILLING CODE 8025-01-P

Revocation of License of Small Business Investment Company

Pursuant to the authority granted to the United States Small Business Administration by the Final Order of the United States District Court for the Southern District of Florida dated October 29, 1996, the United States Small Business Administration hereby revokes the license of Cubico Ltd., Inc., a Florida corporation, to function as a small business investment company under Small Business Investment Company License No. 04/04-5154 issued to Cubico Ltd., Inc. on August 9, 1979 and said license is hereby declared null and void as of December 18, 1996.

Dated: January 14, 1997.

United States Small Business Administration.

Don A. Christensen,

Associate Administrator for Investment.

[FR Doc. 97-1289 Filed 1-17-97; 8:45 am]

BILLING CODE 8025-01-P

Revocation of License of Small Business Investment Company

Pursuant to the authority granted to the United States Small Business Administration by the Final Order of the United States District Court for the District of Idaho, dated June 27, 1996, the United States Small Business Administration hereby revokes the license of First Idaho Venture Capital Corporation, an Idaho corporation, to function as a small business investment company under the Small Business Investment Company License No. 10/10-0161 issued to First Idaho Venture Capital Corporation on March 19, 1974 and said license is hereby declared null and void as of September 30, 1996.

Dated: January 17, 1997.

⁶ The specific changes to OCC's by-laws are set forth in OCC's proposed rule change, which is available for review through OCC and the Commission's Public Reference Room.

⁷ 15 U.S.C. 78q-1(b)(3)(F).