

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act in general and furthers the objectives of Section 6(b)(5) in particular in that it will permit trading in options based on the World Property Index pursuant to rules designed to prevent fraudulent and manipulative acts and practices and to promote just and equitable principles of trade, and thereby will provide investors with the ability to invest in options based on an additional index.

B. Self-Regulatory Organization's Statement on Burden on Competition

CBOE 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 solicited or received with respect to the proposed rule change.

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

Research, CBOE, dated June 26, 1996 (conforming that the traffic generated is within OPRA's capacity).

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 the file number in the caption above and should be submitted by March 6, 1997.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹²

Margaret H. McFarland,
Deputy Secretary.

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[Release No. 34-38254; File No. SR-PSE-97-03]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 to the Proposed Rule Change by the Pacific Stock Exchange Incorporated Relating to a Waiver of All Customer, Firm and Market Maker Transaction Fees for Transactions in FLEX Equity Options Until April 29, 1997

February 6, 1997.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 ("Act") and Rule 19b-4 thereunder,² notice is hereby given that on January 27, 1997, the Pacific Stock Exchange Incorporated ("PSE" 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 PSE. The Exchange filed with the Commission Amendment No. 1 to the proposed rule change on January 28, 1997.³ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The PSE is proposing to extend for a three month period its waiver of all

¹² 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Exchange filed Amendment No. 1 to accurately reflect the expiration date of the three month extension of the waiver. See Letter from Michael D. Pierson, Senior Attorney, Regulatory Policy, PSE, to John V. Ayanian, Attorney, Office of Market Supervision, Division of Market Regulation, Commission, dated January 27, 1997 ("Amendment No. 1").

customer, firm and Market Maker transaction fees for transactions in FLEX Equity Options.

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 PSE included statements concerning the purpose of and basis for the proposed rule change, as amended, and discussed any comments it received on the proposed rule change, as amended. The text of these statements may be examined at the places specified in Item IV below. The PSE 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

1. Purpose

On February 14, 1996, the Commission approved an Exchange proposal for the listing and trading of Flexible Exchange (FLEX) Options on equity securities, pursuant to Rule 8.100.⁴ The Exchange commenced trading of FLEX Equity Options on October 24, 1996. On October 31, 1996, the Commission approved an Exchange proposal to waive for three months all customer, firm and market maker transaction fees for transactions in FLEX Equity Options.⁵ The Exchange is now proposing to extend this waiver for three additional months, ending on Wednesday, April 29, 1997.⁶ The purpose of the waiver is to encourage customers, firms and market makers to execute transactions in FLEX Equity Options on the Exchange and respond to competitive actions in the industry.

2. Statutory Basis

The proposal is consistent with Section 6(b)(5)⁷ of the Act because it is designed to facilitate transactions in securities.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change, as amended, will impose any burden on competition.

⁴ See Securities Exchange Act Release No. 36841 (February 14, 1996), 61 FR 6666 (February 21, 1996).

⁵ See Securities Exchange Act Release No. 37901 (October 31, 1996), 61 FR 57508 (November 6, 1996).

⁶ See Amendment No. 1, *supra* note 3.

⁷ 15 U.S.C. 78f(b)(5).

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments on the proposed rule change, as amended, were neither solicited nor received.

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

The foregoing rule change, as amended, establishes or changes a due, fee, or other charge imposed by the Exchange and therefore, has become effective pursuant to section 19(b)(3)(A)⁸ of the Act and subparagraph (e) of Rule 19b-4⁹ thereunder. 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 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, as amended, that are filed with the Commission, and all written communications relating to the proposed rule change, as amended, 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 Room, 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 PSE. All submissions should refer to File No. SR-PSE-97-03 and should be submitted by March 6, 1997.

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

Margaret H. McFarland,
Deputy Secretary.
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[Release No. 34-38257; File No. SR-PSE-97-04]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 to the Proposed Rule Change by the Pacific Stock Exchange, Inc., Relating to Late SIPC Reports

February 7, 1997.

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 January 28, 1997, the Pacific Stock Exchange, Inc. ("PSE" 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 PSE.³ 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 PSE proposes to amend paragraph (b)(2) of PSE Rule 2.12, "Financial Reports," and paragraph (k)(2) of PSE Rule 10.13, "Minor Rule Plan," to replace references to "Form SIPC-6" and "Form SIPC-7" with general references to "Securities Investor Protection Corporation ("SIPC") forms and assessments" or "such forms and assessments as are required pursuant to the Securities Investor Protection Act of 1970 ("SIPA")."

The text of the proposed rule change is available at the office of the Secretary, PSE, 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

¹ 15 U.S.C. § 78s(b)(1).

² 17 CFR 240.19b-4.

³ On February 4, 1997, the PSE submitted a technical amendment that (1) designates the provisos in PSE Rule 2.12(b) as (A) and (B); and (2) replaces references in PSE Rules 10.13(j)(2) and 10.13(k)(iii)(2) to PSE Rule 2.12(a) with references to PSE Rule 2.12(b). See Letter from Michael D. Pierson, Senior Attorney, Regulatory Policy, PSE, to Yvonne Fraticelli, OMS, Division of Market Regulation, Commission, dated February 3, 1997 ("Amendment No. 1").

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 Exchange 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 the Statutory Basis for, the Proposed Rule Change*

(a) Purpose

Currently, PSE Rule 2.12(b)(2) requires members to file with the Exchange a Form SIPC-6 or Form SIPC-7 pursuant to SIPA.⁴ PSE Rule 2.12(b)(2) provides a late filing charge for members who fail to file such documents in a timely manner.⁵ In addition, PSE Rule 2.12(b)(2) provides that a member who files its Form SIPC-6 or Form SIPC-7 within five business days of receipt of SIPC's final late notice is subject to a fine pursuant to PSE Rule 10.13,⁶ and that a member who fails to file its Form SIPC-6 or Form SIPC-7 within five business days after its receipt of SIPC's final late notice is subject to formal disciplinary action pursuant to PSE Rule 10.4, "Hearing."⁷

The Exchange proposes to amend PSE Rules 2.12(b)(2) and 10.13 (j) and (k) to replace references to "Form SIPC-6" and "Form SIPC-7" with general references to "SIPC form and assessment" and "such forms and assessments as are required" pursuant to SIPA. The Exchange is taking this action because SIPC recently has replaced Forms SIPC-6 and SIPC-7 with Form SIPC-4. The Exchange believes that the use of a general reference to SIPC filings, rather than references to specific SIPC forms, will obviate the need for additional rule

⁴ See Securities Exchange Act Release Nos. 33347 (December 15, 1993), 58 FR 67888 (December 22, 1993) (order approving File No. SR-PSE-93-21) (adopting charges for late filing of SIPC-6 and SIPC-7 reports); and 32510 (June 24, 1993), 58 FR 335491 (July 1, 1993) (order approving File No. SR-PSE-92-15) (approving amendment to the Exchange's Minor Rule Plan relating to late SIPC reports).

⁵ Under PSE Rule 2.12(b)(2), the charge for late filings are as follows: (1) \$200.00 for reports that are 1 to 30 days late; (2) \$400.00 for reports that are 31 to 60 days late; and (3) \$800.00 for reports that are 61 to 90 days late.

⁶ The fines under PSE Rule 10.13 are: (1) \$1,200.00 for a first violation; (2) \$1,800.00 for a second violation; and (3) \$2,400.00 for a third violation.

⁷ In addition, PSE Rule 10.13(j)(2) provides that the failure to file a Form SIPC-6 or Form SIPC-7 within five days after the receipt of SIPC's final notice will result in a formal disciplinary action.

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 19b-4(e).

¹⁰ 17 CFR 200.30-3(a)(12).