each series of the Tax-Exempt Bonds. No series of Tax-Exempt Bonds would be sold if the fixed interest rate or initial adjustable interest rate would exceed market rates generally obtainable at the time of pricing for sales of tax-exempt bonds having a reasonably similar maturity, issued for the benefit of companies of a reasonably comparable credit quality and having reasonably similar terms, conditions and features.

For series having adjustable interest rates, the initial interest rate will be negotiated between ELI and the purchasers of such series and will be based on the current tax-exempt market rates for comparable bonds having a maturity comparable to the length of the initial rate period. Thereafter, the interest rate would be a rate which, when set, would be sufficient to remarket the Tax-Exempt Bonds at a price equal to their principal amount, but would not exceed the lower of 13% per annum or rates generally obtainable at the time of remarketing of tax-exempt bonds having the same or reasonably similar maturities, issued for the benefit of companies of reasonably comparable credit quality and having the same or reasonably similar terms.

SECURITIES AND EXCHANGE COMMISSION

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


Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),1 and Rule 19b–42 thereunder, notice is hereby given that on January 16, 1998, the Chicago Board Options Exchange, Inc. (“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 change its Order Book Official (“book”) rate schedule for equity options. 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 the proposed rule change is to change the book fee schedule applicable to equity options. The Exchange is not changing the book fees for index options at this time. The book fees are billed at the end of each month and so this change will be reflected in the bills for all January transactions. Although the change is being applied retroactively, the amount of time for which the change will be applied retroactively is minimal. It should be noted that the Exchange’s Financial Planning Committee and the Floor Directors Committee endorsed this proposal and sent it to the Board for approval prior to the end of 1997 and prior to the time by which the new change was to be applied. These fee changes are being implemented by the Exchange pursuant to CBOE Rule 2.22.

Under the new schedule, equity option book execution services will be charged a flat rate of $0.45 per contract. The previous per contract rate schedule for equity options (and the current index option schedule) charged various rates for book executions depending on the premium and the order size, as follows:

<table>
<thead>
<tr>
<th>Premium</th>
<th>First ten contracts</th>
<th>Eleven and above</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under ½</td>
<td>$0.10</td>
<td>$0.10</td>
</tr>
<tr>
<td>½–1</td>
<td>0.525</td>
<td>0.455</td>
</tr>
<tr>
<td>1–2</td>
<td>0.63</td>
<td>0.525</td>
</tr>
<tr>
<td>2–4</td>
<td>0.77</td>
<td>0.63</td>
</tr>
<tr>
<td>4–8</td>
<td>1.05</td>
<td>0.91</td>
</tr>
<tr>
<td>8–14</td>
<td>1.40</td>
<td>1.05</td>
</tr>
<tr>
<td>14–20</td>
<td>1.75</td>
<td>1.295</td>
</tr>
</tbody>
</table>

9No series of Tax-Exempt Bonds would be sold if the fixed interest rate or initial adjustable interest rate would exceed market rates generally obtainable at the time of pricing for sales of tax-exempt bonds having a reasonably similar maturity, issued for the benefit of companies of a reasonably comparable credit quality and having reasonably similar terms, conditions and features.

10The prices, rights or requirements, and fees for the tender of Tax-Exempt Bonds will be determined in a manner identical to those described in footnote 2 for Bonds and Debentures.

11In connection with the letter of credit, ELI may enter into a reimbursement agreement ("Reimbursement Agreement") under which ELI would agree to reimburse the Bank for amounts drawn under the letter of credit and to pay commitment and/or letters of credit fees.

12Each series of Collateral Bonds that bear interest would do so at a fixed interest rate or initial adjustable rate that would not exceed 15%.


As with the previous schedule, the charge for cabinet trades/accommodation liquidations, as described in CBOE Rules 6.54 and 21.15, will continue to be $0.10 per contract. In addition, as in the previous schedule, no execution fee will be assessed market orders sent to the book prior to the opening and executed during opening rotation. The new fee schedule should reduce the overall Order Book Official fees ("book fees") paid by all Exchange members. The Exchange believes that the reduction in the book fees will allow the Exchange to compete more effectively for transactions in equity options.

The Proposed rule change is consistent with Section 6 of the Act, in general, and further 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 charges 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.

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 proposed 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)(2) 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, including whether the proposed rule change is consistent with the Act. 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.

Alphabetical order of Filing of Proposed Rule Change and Amendment No. 1 by The Chicago Stock Exchange, Incorporated Relating to Oversized MAX Orders


Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), notice is hereby given that on December 9, 1997, the Chicago Stock Exchange, Incorporated ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change. On January 9, 1998, the Exchange submitted to the Commission Amendment No. 1 to the proposal. The proposed rule change, as amended, is described in Items I, II, and III below, which Items have been prepared by the Exchange. 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 Exchange proposes to amend Article XX, Rule 37(b)(1) and proposes to add interpretation and policy .06 thereunder relating to the entry and acceptance of oversized orders in the Exchange’s Midwest Automated Execution System ("MAX System").

Below is the text of the proposed rule change. Proposed new language is italicized; deletions are in brackets.

Article XX Rule 37

(b)(1) Size. The MAX System has two size parameters which must be designated by the specialist on a stock-by-stock basis. The first parameter, the auto-execution threshold, must be set at 1099 shares (the default size) or greater for Dual Trading System issues. The second parameter, the auto-acceptance threshold, must be set at 2099 shares (the system default) or greater for Dual

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