

The subject matter of the closed meeting scheduled for Thursday, July 22, 1999 at 11:00 a.m. will be:

- Institution of injunctive actions.
- Institution of administrative proceedings of an enforcement nature.
- Institution and settlement of injunctive actions.
- Institution and settlement of administrative proceedings of an enforcement nature.
- Settlement of injunctive actions.

Commissioner Johnson, as duty officer, determined that no earlier notice thereof was possible.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact:

The Office of the Secretary at (202) 942-7070.

July 13, 1999.

**Jonathan G. Katz,**

Secretary.

[FR Doc. 99-18305 Filed 7-14-99; 11:45 am]

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**SECURITIES AND EXCHANGE COMMISSION**

[File No. 500-1]

**Sagamore Trading Group, Inc.; Order of Suspension of Trading**

July 14, 1999.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information regarding the securities of Sagamore Trading Group, Inc. ("Sagamore") because of recent market activity in the stock that may have been the result of manipulative conduct.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of the above listed company.

Therefore, it is ordered, pursuant to Section 12(k) of the Securities Exchange Act of 1934, that trading in the above listed company is suspended for the period from 9:30 a.m. EDT, July 14, 1999, through 11:59 p.m. EDT, on July 27, 1999.

By the Commission.

**Jonathan G. Katz,**

Secretary.

[FR Doc. 99-18304 Filed 7-14-99; 12:25 pm]

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-41609; File No. SR-CBOE-99-10]

**Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Inc. Relating to Participation Rights for Firms Crossing Orders**

July 8, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 18, 1999, the Chicago Board Options Exchange, Inc. ("CBOE" 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 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 CBOE hereby proposes to amend its rule governing the crossing of equity option orders of 500 contracts or more by brokers, to give the firm from which an order originates a participation right in trades that are proposed to be crossed in certain circumstances. The text of the proposed rule change follows. Additions are italicized.

\* \* \* \* \*

**Chicago Board Options Exchange, Inc. Rules**

\* \* \* \* \*

**Chapter VI—Doing Business on the Exchange Floor**

**Section D: Floor Brokers**

\* \* \* \* \*

**"Crossing" Orders**

**RULE 6.74.**

(a)-(c) No change.

(d) *Notwithstanding the provisions of paragraphs (a) and (b) of this Rule, when a Floor Broker holds an equity option order of 500 or more contracts ("original order"), the Floor Broker is entitled to cross a certain percentage of the order with other customer orders from the same firm from which the original order originated ("originating firm") that he is holding or with a facilitation order of the originating firm after requesting bids and offers for such option series. The percentage of the order which a Floor Broker is entitled to cross is determined as follows:*

(i) *20% of the order if the order is traded at the best bid or offer given by the crowd in*

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

response to the broker's initial request for a market; or

(ii) *40% of the order if the order is traded between the best bid or offer given by the crowds in response to the broker's initial request for a market.*

*In determining whether an order satisfies the 500 contract requirement, any multi-part or spread order must contain one leg alone which is for 500 contracts or more. If the originating firm is also the Designated Primary Market-Maker ("DPM") for the particular class of options to which the order relates, then the DPM is not entitled to the DPM guaranteed participation rate.*

**. . . Interpretations and Policies:**

No change.

\* \* \* \* \*

**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 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 Statutory Basis for, the Proposed Rule Change**

**1. Purpose**

The CBOE proposes to add a new paragraph (d) to CBOE Rule 6.74, "Crossing" Orders, to give a firm that is holding either (i) customer equity option orders to buy and sell the same series, or (ii) a customer equity option order and a facilitation order, certain rights to cross the orders or to facilitate the customer order in certain circumstances. To take advantage of the new provision, a particular equity option order must be for 500 or more contracts. For a multi-part or spread order, at least one leg of the order alone must be for 500 contracts or more.

Paragraph (a) of CBOE Rule 6.74 sets forth the procedures to be followed currently by a floor broker to cross customer orders. Paragraph (b) sets forth the procedures to be followed by a floor broker to facilitate a customer order. In both cases, market-makers in the trading crowd currently are given the opportunity to accept a floor broker's better bid or offer for orders which he intends to cross or facilitate before the floor broker can cross or facilitate the orders himself. Under current rules, therefore, if the market-makers are

willing to take the entire order, the floor broker will not be able to cross of facilitate any part of the order.

Generally, new paragraph (d) will provide that, in those circumstances where a floor broker has an equity option order for 500 contracts or more that he is holding to execute ("original order"), that floor broker will have priority to cross a certain percentage of the original order against other customer orders from the same firm from which the original order originated ("originating firm") that he is holding to execute or against a firm proprietary order of the originating firm (*i.e.*, facilitation order).

The percentage to which the floor broker is entitled to execute depends upon a comparison between the original market quoted by the crowd in response to a request from the broker and the price at which the orders are traded. If the orders are traded at the best bid or offer provided by the market-makers in the trading crowd in response to the broker's initial request for a market, then the floor broker is entitled to cross 20% of the order. If the orders are traded at a price between the best bid and offer provided by the market-makers in the crowd (*i.e.*, at a price that improves the market provided by the market-makers) in response to the broker's initial request for a market, then the floor broker is entitled to cross 40% of the order.

There is precedent in the Exchange's rules for providing a participation right to the firm that has brought the order to the floor. Paragraph (e)(iii) of CBOE Rule 24A.5, *FLEX Trading Procedures and Principles*, provides for the Submitting Member of a FLEX trade (as defined in CBOE Rule 24A.1) to 25% of a trade in certain circumstances.

In the event that the originating firm is also the Designated Primary Market-Maker ("DPM") for that option class and the floor broker takes advantage of the participation right provided by this new paragraph (d) of CBOE Rule 6.74, then the DPM also shall not be entitled to the guaranteed participation rate provided by paragraph (c)(7) of CBOE Rule 8.80 for that particular trade.

The Exchange believes that the effect of this liberalization of its crossing rule will be to provide market-makers with an additional incentive to quote tighter markets in response to a request for quotes at the same time it will encourage member firms to bring their order flow to the CBOE. The Rule will also provide floor brokers with an incentive to trade at a price between the quoted bid and ask. The benefits of the tighter markets will inure to the customers. In addition, by establishing a

minimum participation right, the Rule will provide firms with the ability to participate on these trades in a more efficient manner than is available today.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with and furthers the objectives of Section 6(b)(5)<sup>3</sup> of the Act, in that it is designed to remove impediments to a free and open market and to protect investors and the public interest.

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

The CBOE 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

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, including whether the proposed rule change is consistent with the Act. In particular, the Commission seeks comment on whether the proposed rule change will result in fair executions for the various orders and parties represented in the crossing transaction. Also, commenters are requested to provide their views on this rule revision in light of the proposed rule change contained in SR-CBOE-99-07, relating to "cross-only contingency" orders.<sup>4</sup> Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange

Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. 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 Room. Copies of the filing will also be available for inspection and copying at the principal offices of the CBOE. All submissions should refer to File No. SR-CBOE-99-10 and should be submitted by August 6, 1999.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 99-18168 Filed 7-15-99; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41610; File No. SR-CBOE-99-07]

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Inc. Relating to "Cross-Only" Orders

July 8, 1999.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on February 17, 1999, the Chicago Board Options Exchange, Inc. ("CBOE" 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 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 CBOE proposes to amend Exchange Rules 6.43, 6.53, and 6.74 to permit a broker to represent a "cross-only" contingency. The text of the

<sup>3</sup> 15 U.S.C. 78f(b)(5).

<sup>4</sup> Securities Exchange Act Release No. 41610 (July 8, 1999).

<sup>5</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4