

any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

*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 were neither solicited nor received.

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

The foregoing rule change establishes or changes a due, fee, or other imposed by the Exchange and, therefore, has become effective pursuant to Section 19(b)(3)(A)(ii)<sup>8</sup> of the Act and subparagraph (f)(2) of Rule 19b-4 thereunder.<sup>9</sup> At any time within 60 days of the filing of the proposed rule change,<sup>10</sup> 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.<sup>11</sup>

**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, 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 at the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal office of the CBOE. All submissions should refer to File No. SR-CBOE-99-41 and should be submitted by September 14, 1999.

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(ii)

<sup>9</sup> 17 CFR 240.19b-4(f)(2).

<sup>10</sup> The proposed rule change is deemed filed as of the date Amendment No. 1 was received by the Commission.

<sup>11</sup> In reviewing this proposal, the Commission has considered the proposal's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

For the commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>12</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-41747; File No. SR-CBOE-99-24]

**Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to Changes to Option Trading Permit Auction Procedures**

August 16, 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 June 9, 1999, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. Amendment No. 1 was filed on August 2, 1999.<sup>3</sup> 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**

CBOE proposes to amend the procedure through which it auctions Options Trading permits ("Permits") from the Permit lease pool. The text of the proposed rule change is available at 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 Exchange 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

<sup>12</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.

<sup>3</sup> Amendment No. 1 expands the discussion on the proposed rule change and clarifies the proposed text of the rule change. See letter from Christopher R. Hill, Attorney, CBOE, to Heather Traeger, Attorney, Division of Market Regulation, SEC, dated August 2, 1999.

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

CBOE Rule 3.27(a)(3) provides for the creation of a Permit lease pool to be administered by the Exchange. The procedures for the administration of this lease pool were previously filed with and approved by the Commission.<sup>4</sup> Under these procedures, the Exchange conducts and auction every six months during which members and non-members who have qualified for membership may submit bids equal to the monthly rent that the bidder is willing to pay for a month-to-month Permit lease. Upon the close of the bidding period, Permits in the lease pool are awarded to the highest bidders in a number equal to the total number of Permits in the lease pool at that time. Under the existing procedures, the monthly rent to be paid by a lessee is the dollar value of the bid submitted by that lessee. Following each auction, the Exchange continues to accept bids for Permit leases. Should any Permit lessee desire to give up that lessee's Permit prior to the next auction, the Permit is transferred to the highest bidder at a monthly lease price equal to the new lessee's bid for the remainder of the six month auction cycle.

The Exchange proposes to amend the method of the auction to establish a procedure known as a Dutch auction. Under the Dutch auction, bidders will submit bids equal to the monthly rent which they are willing to pay for a six-month lease, and, upon the close of the bidding period, Permits in the lease pool will continue to be awarded to the highest bidders in a number equal to the total number of Permits in the lease pool at that time. Under the Dutch auction procedure, however, each successful

<sup>4</sup> The procedures for the administration of the Permit lease pool were filed with the Commission in SR-CBOE-97-14. SR-CBOE-97-14 provided for the issuance of Permits in connection with the transfer of the options business of the New York Stock Exchange, Inc. to CBOE and defined the rights and obligations associated with Permits. SR-CBOE-97-14 was approved by the Commission in Securities Exchange Act Release No. 38541 (April 23, 1997), 62 FR 23516 (April 30, 1997).

The CBOE later amended the procedures for administering the Permit lease pool in SR-CBOE-97-47, which amended the manner in which the CBOE accesses the fee that it charges when a person submits a bid to receive a Permit. See Securities Exchange Act Release No. 39179 (October 1, 1997), 62 FR 52602 (October 8, 1997).

bidder will pay only the price of the lowest successful bid. Following each Dutch auction, the Exchange will continue to accept bids, with a minimum bid established at the price set in the most recent Dutch auction.

The revised Permit Lease Pool Procedures also contain several other amendments, most of which merely set forth existing exchange practices in greater detail for the benefit of members and the public. The following amendments represent changes to existing practices:

- The proposed rule change establishes a minimum qualifying bid level for all bidding which occurs between Dutch auctions. The minimum qualifying bid is set at the lease rate established in the most recent Dutch auction. This change is designed to equalize Permit lease rates and enhance administrative efficiency by encouraging lessees to use the Dutch auction process, rather than attempt to obtain a lower priced lease by bidding between the Dutch auctions.

- The proposed rule change permits a lessee to terminate the lessee's Permit during the ease period, by written notice to the Membership Department, but provides that the termination notice shall be irrevocable.<sup>5</sup> The Membership Department will post notice of the availability of the Permit for at least two business days on the Exchange bulletin board. The Permit will be transferred to the highest bidder whose bid is received by 3:30 p.m. on the first Wednesday after notice of the permit's availability has been posted for at least two business days.

- The proposed rule change also allows Permits to be transferred among nominees of an organization with appropriate notice to the Exchange, as is the case with CBOE memberships.

- The proposed rule change provides that an individual can lease only one Permit from the lease pool at a time. Therefore, an individual who is already a Permit lessee may not submit a Permit bid during the six month lease period (except to bid in the next Dutch auction) unless and until the lessee first terminates the lessee's current lease.<sup>6</sup>

- Finally, the proposed rule change establishes a six month Permit lease instead of the current month-to-month lease, for easier and more efficient administration of the lease process.

## 2. Statutory Basis

The Exchange believes that the proposed Dutch auction procedure for

the Permit lease pool described herein will more effectively equalize the amounts paid for Permits by each successful bidder. As such, the proposed rule changes are consistent with Section 6(b) of the Act,<sup>7</sup> in general, and further the objectives of Section 6(b)(4)<sup>8</sup> in particular, in that they are designed to provide for the equitable allocation of reasonable dues, fees, and other charges.

### *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**

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 the 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, as amended, is consistent with the Act. 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 at the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-CBOE-99-24 and should be submitted by September 14, 1999.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>9</sup>

**Margaret H. McFarland,**  
*Deputy Secretary.*

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## DEPARTMENT OF TRANSPORTATION

### Office of the Secretary

### Notice of Request for Extension of a Currently Approved Information Collection

AGENCY: Office of the Secretary, DOT.

ACTION: Notice and request for comments.

**SUMMARY:** In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35, as amended) this notice announces the Department of Transportation's (DOT) intention to request an extension for a currently approved information collection.

**DATES:** Comments on this notice must be received by October 25, 1999.

**ADDRESSES:** Comments should be sent to the Executive Secretariat, Office of the Secretary, U.S. Department of Transportation, 400 7th Street, SW., Washington, DC 20590-0002.

**FOR FURTHER INFORMATION CONTACT:** Mrs. Roberta Fede, Committee Management Officer, Executive Secretariat, Office of the Secretary, Department of Transportation, at the address listed above. Telephone: (202) 366-9764.

#### **SUPPLEMENTARY INFORMATION:**

*Title:* Advisory Committee Candidate Biographical Information Request, DOT F1120.1.

*OMB Control Number:* 2105-0009.

*Expiration Date:* August 31, 1999.

*Type of Request:* Extension for a currently approved information collection.

*Abstract:* The collection of information obtained by the Advisory Committee Candidate Biographical Information Request form enables Department officials to review the qualifications of individuals who wish to serve on Department-sponsored

<sup>5</sup> The Exchange represents that this proposed rule change codifies the Exchange's current procedure. See Amendment No. 1.

<sup>6</sup> *Id.*

<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(4).

<sup>9</sup> 17 CFR 200.30-3(a)(12).