

7. Terms of Access to Transaction Reports

As explained in greater detail above and in *Attachment 5* and *Attachment 6* to the CTA Plan, the proposed revisions to the Consolidated Vendor form and the introduction of the Subscriber Addendum would modify the terms and conditions of access to last sale information. The Participants believe that the changes work to the net benefit of the investor community because the proposed changes to the Consolidated Vendor Form and the substitution (in appropriate cases) of the Subscriber Addendum for the forms of subscriber agreement currently in use permit more "user friendly" terms and conditions than do current practices and, especially in the case of the Subscriber Addendum, streamline the procedures for subscriber processing.

8. Identification of Marketplace of Execution

The Participants state that the proposed amendments are intended to have no impact on the requirement that vendor displays of last sale information identify the marketplace of execution.

III. Solicitation of Comments

Rule 11Aa3-2(c)(2) under the Act provides that the proposed amendment shall be approved by the Commission with such changes or subject to such conditions as the Commission may deem necessary or appropriate in the public interest, for the protection of investors and maintenance of fair and orderly markets, to remove impediments to and perfect the mechanisms of a National Market System, or otherwise in furtherance of the purposes of the Act within 120 days of the date of publication of notice of filing, or within such longer period as the Commission may designate up to 180 days of such date pursuant to Rule 11Aa3-2(c)(2).

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 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 such filing will also be available for inspection and copying at the principal office of the CTA/CQ. All submissions should refer to the file number in the caption above and should be submitted by February 15, 1996.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-1182 Filed 1-24-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-36738; File No. SR-CBOE-96-01]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Inc., to Increase SPX Position and Exercise Limits, to Increase SPX Firm Facilitation, Index Hedge, and Money Managers Exemptions, and To Extend Broad-Based Index Hedge Exemption to Broker-Dealers

January 19, 1996.

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 8, 1996, 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 self-regulatory organization. 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 Rule 24.4, and other related rules, to increase the S&P 500 index option ("SPX") position and exercise limits, to increase the SPX firm facilitation, index hedge, and money manager exemptions, to extend the broad-based index hedge exemption to broker-dealers, and to expand the types of qualified portfolios for the index hedge exemption. The text of the proposed rule change is available at the Office of the Secretary, the CBOE, and the Commission.

¹² 17 CFR 200.30-3(a)(27) (1989).

¹ 15 U.S.C. § 78s(b)(1) (1988).

² 17 CFR 240.19b-4 (1994).

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, the Proposed Rule Change

The CBOE is proposing a number of revisions to Exchange Rule 24.4, the position limit rule for broad-based index options, as well as other related Exchange rules. First, member firms have expressed to the CBOE their need for relief from the current SPX position and exercise limits, which have not increased since 1992.³ Between 1992 and the present, however, volume in the SPX index option class has more than doubled, and open interest has remained consistently high.⁴ The CBOE believes that by increasing the existing 45,000 contract limit to 100,000 contracts, the investing public as well as CBOE members and member firms will be afforded greater opportunity and flexibility to use SPX options for their hedging needs. The CBOE does not believe that the higher limit will increase any potential for market disruption.

To enhance its ability to monitor for unhedged, speculative positions as well as to create a database of non-standard hedge practices, the CBOE will add a reporting requirement for accounts having SPX positions in excess of 45,000 contracts on the same side of the market. This reporting requirement will allow the CBOE to gather data on hedging practices that do not fit into the CBOE definition of a qualified portfolio.

³ Securities Exchange Act Release No. 30944 (July 21, 1992), 57 FR 33376 (July 28, 1992) (approval order for SR-CBOE-92-13).

⁴ The CBOE notes that in September 1992, the average daily SPX index option volume during expiration week was 86,682 contracts and open interest was 1.3 million contracts. In comparison, in March 1995, the average daily SPX index option volume during expiration week was 208,678 contracts and open interest was 1.2 million contracts. In each of the years 1992 through 1994, approximately 300 market-maker exemptions from SPX position limits were granted. In contrast, from January through November 20, 1995, 455 market-maker exemptions from SPX position limits were granted.

In the event a position exceeds the 45,000 contract threshold and appears to be unhedged, the CBOE will take such steps as, but not limited to, the following: (1) contacting the clearing firm for the subject account and/or the Options Clearing Corporation ("OCC") to identify possible hedges; (2) asking for information about collateral and/or escrow receipts; and (3) evaluating the suitability of the subject account.

Second, in light of the increased SPX index option contract volume and the interest expressed by the member firm community, the Exchange proposes to increase the SPX firm facilitation and index hedge exemptions to 400,000 contracts each (from the existing 100,000 and 150,000 contracts permitted respectively).⁵ The Exchange also propose to increase the SPX money manager exemption to 600,000 exempted same-side of the market contracts, with no more than 325,000 contracts in any single account (from the existing 250,000 and 135,000 contracts permitted respectively).⁶

Third, the CBOE proposes to extend the broad-based index hedge exemption that is contained in Exchange Rule 24.4 ("hedge exemption") to broker-dealers. The existing hedge exemption is currently available only to public customers, including money managers. The CBOE notes that the corresponding equity hedge exemption contained in Exchange Rule 4.11.04 is available to broker-dealers as well as to public customers. The Exchange believes that it can better meet the needs of securities professionals by making the Exchange Rule 24.4 hedge exemption available to them to the same extent that the hedge exemption is available to public customers.

Fourth, the CBOE proposes to expand the types of qualified portfolios described in Exchange Rule 24.4.01 and the types of option strategies that qualify for higher position limits. As the investing public and broker-dealers use a broader and more sophisticated range of hedging strategies, the CBOE believes that there is a need to include in a qualified portfolio exchange-listed products that overlay various broad-based indexes, including, but not limited to, futures, other options classes, warrants and structured products, where the indexes are represented in margin or cross-margin product groups

at the OCC. The OCC has agreed to provide information to the CBOE regarding allowable product groups and correlation levels. The OCC's requirement with respect to broad-based indexes of approximately a 90-95 percent correlation should ensure that both the portfolio and the instruments hedging that portfolio will move in a similar manner.

Among the modifications the CBOE proposes within the list of hedging transactions eligible for the index hedge exemption is the treatment of a "collar"⁷ position as one contract rather than as two contracts in proposed Interpretation .01(f)(5) to Exchange Rule 24.4. A collar is a short call/long put option combination that is designed to protect the value of a related stock portfolio. Within a limited range, the collar has less opportunity to benefit from upward and downward price changes than either of the collar's components. If the market climbs, the collar is equivalent to a covered write position. If the market declines, the collar is equivalent to a long put position. Because the strategy requires both the purchase of puts and the sale of calls, the CBOE believes that the position is more appropriately treated as one contract for hedging purposes rather than two separate put and call components. For the same reasons, because a strategy involving a covered write accompanied by a debit put spread requires a collar component, the CBOE also believes that the short call and long put should be treated as one contract in proposed Interpretation .01(f)(7).

The CBOE includes in proposed Exchange Rule 24.4.01(d) a definition of the unhedged value of a qualified portfolio. An example of a qualified portfolio is included in the rule to show how the CBOE would determine the number of contracts that qualify for an index hedge exemption.

Lastly, the CBOE proposes to conform Exchange Rule 24.11A concerning debit put spread cash account transactions to proposed Exchange Rule 24.4, as well as to make other editorial changes to Exchange Rule 24.4 which are designed to streamline the rule and to eliminate confusing provisions. As part of overhauling Exchange Rule 24.4, the CBOE notes that some of the changes include the following: (1) the treatment of SPX index option limits and qualified hedging transactions will be included with the treatment of all other broad-based index options; (2) the treatment of Quarterly Index Expiration ("QIXs")

options will be consolidated from three paragraphs to one; and (3) the Exchange Rule 24.4.01(c) current requirement that an account with an option hedge position ("hedge exemption account") be carried by a CBOE clearing member will be modified to provide that the hedge exemption account can be carried by any member of an Intermarket Surveillance Group ("ISG") participant. This is because the hedge exemption account can be monitored through ISG information-sharing arrangements in accordance with Exchange Rule 15.9 concerning regulatory cooperation.

Because the increased SPX index option standard limits and SPX exemptions, together with the expansion of the index hedge exemption and the qualified portfolio provisions, will enhance the depth and liquidity of the market for both members and investors in general, the Exchange believes that this rule change is consistent with and furthers the objectives of Section 6(b)(5) of the Act in that it would remove impediments to and perfect the mechanism of a free and open market in a manner consistent with the protection of 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 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 publication of this notice in the Federal Register or within such other period (i) as the Commission may designate up to 90 days of such date if it finds longer period to be appropriate and publishes its reasons for so finding, or (ii) as to which the CBOE 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. Persons making written submissions

⁵ The CBOE notes that the SPX index hedge and firm facilitation exemptions are each in addition to the SPX standard 100,000 contract limit proposed herein.

⁶ In this regard, the CBOE notes that it is in discussions with member firms and the Commission to consider a delta-based methodology for calculating all option position limits.

⁷ In existing Rule 24.4.02(a)(5), a collar position is referred to as a "hedgewrap."

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 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 Section, 450 Fifth Street, N.W., Washington, D.C. 20549. 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-96-01 and should be submitted by February 15, 1996.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-1181 Filed 1-24-96; 8:45 am]

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SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster Loan Area #2822]

Georgia; Declaration of Disaster Loan Area

As a result of the President's major disaster declaration on December 20, 1995, I find that Dougherty County in the State of Georgia constitutes a disaster area due to damages caused by severe storms and tornadoes which occurred on November 7-8, 1995 in the City of Albany. Applications for loans for physical damages may be filed until the close of business on February 17, 1996, and for loans for economic injury until the close of business on September 20, 1996 at the address listed below:

U.S. Small Business Administration,
Disaster Area 2 Office One Baltimore Place,
Suite 300 Atlanta, GA 30308

or other locally announced locations. In addition, applications for economic injury loans from small businesses located in the contiguous counties of Baker, Calhoun, Lee, Mitchell, Terrell, and Worth in the State of Georgia may be filed until the specified date at the above location.

Interest rates are:

	Percent
For Physical Damage:	
Homeowners With Credit Available Elsewhere	8.000
Homeowners Without Credit Available Elsewhere	4.000
Businesses With Credit Available Elsewhere	8.000
Businesses and Non-Profit Organizations Without Credit Available Elsewhere	4.000
Others (Including Non-Profit Organizations) With Credit Available Elsewhere	7.125
For Economic Injury:	
Businesses and Small Agricultural Cooperative Without Credit Available Elsewhere ..	4.000

The number assigned to this disaster for physical damage is 282212 and for economic injury the number is 872200.

Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008).

Dated: January 16, 1996.

Bernard Kulik,

Associate Administrator for Disaster Assistance.

[FR Doc. 96-1082 Filed 1-24-96; 8:45 am]

BILLING CODE 8025-01-P

[Declaration of Disaster Loan Area #2823]

Washington; Declaration of Disaster Loan Area

As a result of the President's major disaster declaration on January 3, 1996, and amendments thereto on January 11 and 16, I find that the Counties of Chelan, Clallam, Clark, Cowlitz, Grays Harbor, Island, Jefferson, King, Kittitas, Lewis, Mason, Pacific, Pierce, Skagit, Snohomish, Thurston, Wahkiakum, Whatcom, and Yakima in the State of Washington constitute a disaster area due to damages caused by severe storms, high wind, and flooding which occurred November 7, 1995 through and including December 18, 1995. Applications for loans for physical damages may be filed until the close of business on March 4, 1996, and for loans for economic injury until the close of business on October 3, 1996 at the address listed below:

U.S. Small Business Administration,
Disaster Area 4 Office, P.O. Box 13795,
Sacramento, CA 95853-4795.

or other locally announced locations. In addition, applications for economic injury loans from small businesses located in the following contiguous counties may be filed until the specified date at the above location: Benton, Douglas, Grant, Kitsap, Klickitat, Okanogan, San Juan, and Skamania in the State of Washington; and Clatsop,

Columbia, and Multnomah Counties in the State of Oregon.
Interest rates are:

	Percent
For Physical Damage:	
Homeowners With Credit Available Elsewhere	8.000
Homeowners Without Credit Available Elsewhere	4.000
Businesses With Credit Available Elsewhere	8.000
Businesses and Non-Profit Organizations Without Credit Available Elsewhere	4.000
Others (Including Non-Profit Organizations) With Credit Available Elsewhere	7.125
For Economic Injury:	
Businesses and Small Agricultural Cooperatives Without Credit Available Elsewhere ...	4.000

The number assigned to this disaster for physical damage is 282306 and for economic injury the numbers are 872300 for Washington and 872400 for Oregon.

Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008).

Dated: January 18, 1996.

Bernard Kulik,

Associate Administrator for Disaster Assistance.

[FR Doc. 96-1081 Filed 1-24-96; 8:45 am]

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Hartford District Advisory Council Meeting; Public Meeting

The U.S. Small Business Administration, Hartford District Advisory Council will hold a public meeting on Monday, February 26, 1996 at 8:30 am at 2 Science Park, New Haven, Connecticut 06511, to discuss matters as may be presented by members, staff of the U.S. Small Business Administration, or others present.

For further information, write or call Ms. Jo-Ann Vechten, District Director, U.S. Small Business Administration, 330 Main Street, Hartford, Connecticut 06106, (860) 240-4670.

Dated: January 19, 1996.

Art DeCoursey,

Director, Office of Advisory Council.

[FR Doc. 96-1106 Filed 1-24-96; 8:45 am]

BILLING CODE 8025-01-P

Minneapolis/St. Paul Advisory Council Meeting; Public Meeting

The U.S. Small Business Administration, Minneapolis/St. Paul District Advisory Council will hold a public meeting on Friday, February 16,