registered as a broker-dealer under the Securities Exchange Act of 1934 (''Exchange Act''), provided the adviser is in compliance with Rule 15c3–1 under the Exchange Act, or, if a member of an exchange, in compliance with exchange requirements with respect to financial responsibility and the segregation of funds or securities carried for the account of the customer.

The information required by Rule 206(4)–2 is used by the Commission in connection with its investment adviser inspection program to ensure that advisers are in compliance with Rule 206(4)–2. The information required by paragraphs (3) and (4) of the rule is also used by clients. Without the information collected under the rule, the Commission would be less efficient and effective in its inspection program and clients would not have information valuable for monitoring the adviser's handling of their accounts.

The Commission recently adopted amendments to the rule to restrict the application of the rule to those advisers registered with the Commission. The likely respondents to this information collection are those investment advisers that are registered with the Commission after July 8, 1997, are not also registered as broker-dealers, and have custody of clients' funds or securities. The Commission estimates that 111 advisers would be subject to Rule 206(4)–2. The number of responses under Rule 206(4)–2 will vary considerably depending on the number of clients for which an adviser has custody or possession of funds or securities. It is estimated that an adviser subject to this rule would be required to provide an average of 250 responses annually at an average of .5 hours per response. The total annual burden for each respondent is estimated to be 125 hours. The total annual aggregate burden for all respondents is estimated to be 13,875 hours.

Rule 0–2 requires certain non-resident persons to furnish to the Commission a written irrevocable consent and power of attorney that designates the Commission as an agent for service of process, and that stipulates and agrees that any civil suit or action against such person may be commenced by service of process on the Commission. Regulation 279.4, 279.5, 279.6, and 279.7 [17 CFR 279.4, 279.5, 279.6, and 279.7] designate Forms 4–R, 5–R, 6–R, and 7–R as the irrevocable appointments of agent for service of process, pleadings and other papers to be filed by an individual non-resident adviser or an unincorporated nonresident investment adviser, a partnership nonresident investment adviser, or a nonresident general partner of an investment adviser or a nonresident ''managing agent'' of an unincorporated investment adviser, respectively, which is registered or applying for registration with the Commission as an investment adviser.

It is necessary to obtain the appropriate consent to ensure that the Commission and other persons can institute injunctive actions against nonresident investment advisers and non-resident partners or managers of investment advisers in cases involving violation of the Investment Advisers Act of 1940 (''Advisers Act'') that may result in civil liabilities.

The Commission estimates that there may be an increase in the number of non-resident registered investment advisers, which may be offset by those non-resident general partners or non-resident managing agents of investment advisers that would not register or be registered with the Commission after July 8, 1997 who would no be subject to the Rule 0–2 or the forms.[1] Therefore, non-resident general partners or non-resident managing agents of investment advisers that would be registered with the states after the July 8, 1997 effective date would no longer be subject to Rule 0–2 or be required to file the forms.

The Commission estimates that there would be approximately 300 registrants subject to Rule 0–2. An adviser subject to this rule would be required to file only once, and the Commission estimates that the preparation and filing of any of the forms designated for use pursuant to Rule 0–2 would require approximately one hour of the registrant's time. The total annual burden would be 300 hours.

Rule 203–2 governs withdrawal from registration under the Advisers Act and Form ADV–W is the form for withdrawing registration under the Advisers Act.

To enforce the registration provisions of the Advisers Act and to fulfill its responsibilities under Section 203(h), the Commission must obtain certain information from persons seeking to withdraw from registration. The information required by Form ADV–W enables the Commission to satisfy itself that the activities of person seeking to withdraw from registration do not require such person to be registered and to determine whether terms and conditions should be imposed upon a registrant's withdrawal. Such terms and conditions might include the making of appropriate arrangements with respect to the transfer to clients of client funds and securities in the custody and possession of the adviser or the return to clients of prepaid advisory fees.

After July 8, 1997 (effective date of the Coordination Act), the Commission estimates that only 28 percent of investment advisers currently registered with the Commission will remain eligible for Commission registration. It is estimated that approximately 616 advisers will be withdrawing their registration from the Commission by filing Form ADV–W. The total annual burden for each respondent is estimated to be one hour. The annual aggregate burden for all respondents is estimated to be 616 hours.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

Written comments regarding the above information should be directed to the following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 3208, New Executive Office Building, Washington, D.C. 20503; and (ii) Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Comments must be submitted to OMB within 30 days of this notice.

Dated: September 19, 1997.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–25604 Filed 9–25–97; 8:45 am]

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[1] On October 11, 1996, President Clinton signed into law the National Securities Markets Improvement Act of 1996 (''1996 Act''). Title III of the 1996 Act, the Investment Advisers Supervision Coordination Act (''Coordination Act''), amended the Investment Advisers Act of 1940 to, among other things, reallocate the responsibilities for regulating investment advisers between the Commission and the securities regulatory authorities of the states.

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–39100; File No. SR–CBOE–97–41]

Self-Regulatory Organizations; Proposed Rule Change By Chicago Board Options Exchange, Incorporated Relating to the Definition of Stop Orders

September 19, 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 August

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

25, 1997, the Chicago Board Options Exchange, Incorporated (''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 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 proposes to amend its Rule 6.53 (''Rule'') governing the definition of stop orders to clarify that a stop order on the CBOE is triggered when the option contract reaches a specified price ''on the CBOE floor.'' 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, the Proposed Rule Change

1. Purpose

The purpose of the proposed change is to amend the definition of a stop order to clarify that the stop order becomes triggered when the option contract reaches a specified price ''on the CBOE floor.''

Currently, paragraph (c)(iii) of Exchange Rule 6.53 defines a stop order as a contingency order to buy or sell when the market for a particular option contract reaches a specified price. The Rule does not specify, but has always been interpreted to mean, that the contingency to buy or sell is satisfied when the option contract is bid at or above the stop price (in the case of a by order) or is offered at or below the stop price (in the case of a sell order) ''on the floor of the CBOE.'' The proposed amendment will make it clear, therefore, that a stop order is not activated when the bid or offer (as appropriate) reaches the stop limit on another exchange.

Unlike the equity markets, the option markets are not electronically linked to each other. Thus, options traders have no way of knowing whether a contract has reached a specified ''stop'' in another market place, as would an equity securities trader. Accordingly, there is no rule prohibiting trade-throughs in options market places as there is in the equity market places.

The CBOE believes that the proposed rule change will clarify the CBOE's responsibility in this regard, and will prevent any perception that CBOE members have a duty to execute stop orders when the ''stop'' price has not been reached on the CBOE floor.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5) that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to protect and perfect the mechanism of a free and open market and a national market system, and in general, to protect investors and the public interest. By clarifying the definition of a ''stop order,'' the proposed rule change will more accurately describe the obligations of CBOE members with regard to stop orders executed on the Exchange. Therefore, the Exchange believes that amending the rule is consistent with, and furthers, the objectives of Section 6(b)(5) of the Act.

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 adtermine 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 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 SR–CBOE–97–41 and should be submitted by October 17, 1997.

For the Commission by the Division of Market Regulation, pursuant to the delegated authority.[3]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–25518 Filed 9–25–97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–39105; File No. SR–CSE–97–07]

Self-Regulatory Organizations; Order Approving Proposed Rule Change by the Cincinnati Stock Exchange, Inc. Relating to Minor Rule Plan Violations

September 22, 1997.

On August 5, 1997, The Cincinnati Stock Exchange, Incorporated (''CSE'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'' or ''SEC'') the proposed rule change pursuant to Section 19(b)(1)

[3] 17 CFR 200.30–3(a)(12).