

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 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

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. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549-0609. 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 such filing will also be available for inspection and copying at the principal office of the CBOE. All submissions should refer to File No. SR-CBOE-99-37 and should be submitted by October 12, 1999.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41863; File No. SR-CBOE-99-48]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Inc. To Match Size Limits of the Automatic Execution System of the Philadelphia Stock Exchange, Inc.

September 10, 1999.

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 25, 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. 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 increase the size limit of orders in certain classes of options contracts which are eligible for entry into the CBOE's Retail Automatic Execution System ("RAES") to match the size limits of orders which will be eligible for entry into the automatic execution system of the Philadelphia Stock Exchange, Inc. ("Phlx")

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 include 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.

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

As of the date of filing, CBOE Rule 6.8(e) generally limits the size of CBOE RAES orders to twenty or fewer contracts.³ Notwithstanding the provision, Interpretation and Policy .01 under that rule permits the appropriate FPC to increase the size in one or more classes of multiply listed equity options eligible for entry on RAES to the extent necessary to match the size of orders in the same options class eligible for entry into the automated execution system of any other options exchange. Interpretation and Policy .01 requires that the effectiveness of the increase in options size be conditioned on the CBOE making a filing with the Commission under Section 19(b)(3)(A) of the Act.⁴

As of August 24, 1999, options on Bank America (BAC), Citigroup (C), Cendant (CD), Conoco (COC), Frontier (FRO), Georgia Pacific (GP), AT&T Liberty Media Group (LMG), Lucent (LU), and LHS Group (QLH) are dually listed on the CBOE and the Phlx. The current size limit eligible for automatic execution of Phlx orders is 30 contracts for BAC, and 25 contracts for C, CD, COC, FRO, GP, LMG, LU, and QLH. These size limits could be increased by Phlx up to 50 contracts pursuant to Phlx Rule 1080(c). The CBOE therefore anticipates that if it raises its RAES eligible limit to match the current size limits of the Phlx in BAC, C, CD, COC, FRO, GP, LMG, LU, and QLH, the Phlx in turn may potentially raise its own limits again.

Therefore, pursuant to CBOE rule 6.8 and Interpretation and Policy .01, the CBOE proposes to increase the RAES eligible order size limit in BAC, C, CD, COC, FRO, GP, LMG, LU, and QLH to match the eligible order size on the automatic execution system of the Phlx, effective August 25, 1999. Currently, this will involve an increase to a 30 contract size limit for BAC, and 25 contracts for C, CD, COC, FRO, GP, LMG, LU, and QLH. If the Phlx in response, increases its own size limit for automatic execution in response, the CBOE in turn will match such increases up to 50 contracts.⁵

³ On September 1, 1999, the Commission approved a CBOE proposal to increase generally the size limits of RAES orders from 20 to 50 contracts. See Securities Exchange Act Release No. 41821.

⁴ 15 U.S.C. 78s(b)(3)(A).

⁵ In actuality, on August 25, 1999, the Phlx order size limits for the CBOE to match were 30 contracts for BAC and 25 contracts for C, CD, COC, FRO, GP,

The Exchange represents that RAES has the capacity to accommodate a RAES order limit size of up to 50 contracts in BAC, C, CD, COC, FRO, GP, LMG, LU, and QLH, both in terms of systems capacity as well as the market-making capacity of market-makers participating in RAES.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)⁶ of the Act, in general, and furthers the objectives of Sections 6(b)(5)⁷ and 6(b)(8)⁸ of the Act in particular, in that it is designed to remove unnecessary burdens on competition, as well as remove impediments to, and perfect the mechanism of, a free and open market and a national market system, for the benefit of investors and the public interest.

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 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

The Exchange neither solicited nor received written comments with respect to the proposed rule change.

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

Because the foregoing rule change constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of the Exchange, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁹ and subparagraph (f)(1) of the Rule 19b-4 thereunder.¹⁰ 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.¹¹

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. 20549-0609. 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 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-99-48 and should be submitted by October 12, 1999.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41869; File No. SR-CHX-99-13]

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Stock Exchange, Inc. Relating to Membership Dues and Fees

September 13, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ and Rule 19b-4 thereunder,² notice hereby is given that on August 27, 1999, the Chicago Stock Exchange, Inc. ("CHX" or "Exchange") filed with the Securities and Exchange Commission (the "Commission") the

proposed rule change as described in Items I, II and III below, which Items have been prepared by the information. 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 its membership dues and fees schedule. Specifically, the "Technical Equipment" portion of the CHX fee schedule would be amended to incorporate uniform monthly charges for certain computer equipment that now is available for use by CHX members (*i.e.*, flat panel monitors) and to delete references to obsolete computer equipment. The text of the proposed rule change is available upon request from the Commission or the Office of the Secretary of the CHX.

II. Self-Regulatory Organizations' 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 regarding 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 purpose of the proposed rule change is to amend the CHX schedule of membership dues and fees. Specifically, the "Technical Equipment" portion of the CHX fee schedule would be amended to incorporate uniform monthly charges for certain computer equipment that now is available for use by CHX members (*i.e.*, flat panel monitors) and to delete references to obsolete computer equipment. The proposed amendment is intended solely to update the list of computer equipment itemized as "Technical Equipment" and does not impose new or additional charges on any member unless a member elects to augment existing trading floor workstation technology with new flat panel monitors.

LMG, LU, and QLH. Telephone conversation among Chris Hill, Attorney, CBOE, and Kenneth Rosen, Attorney, and Melinda Diller, Law Clerk, Commission, on September 1, 1999.

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

⁸ 15 U.S.C. 78f(b)(8).

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(1).

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

¹² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.