C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

The Exchange has neither solicited nor received written comments on 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 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. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 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 NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the CHX. All submissions should refer to File No. SR-CHX-95-03 and should be submitted by March 20,

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

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-35397; File No. SR-CBOE-95-05]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Changes by the Chicago Board Options Exchange, Incorporated, Related to Certain Procedures Regarding Trading Halts, Trading Suspensions, the Reopening of Trading After a Trading Halt or Suspension, and the Shut Down of RAES

February 21, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on January 18, 1995, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule changes 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 changes from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Changes

The CBOE proposes to amend its rules and Regulatory Circulars RG94-17 and RG93-58 (formerly RG92-40) to conform to existing practice regarding (1) the factors the Exchange considers in deciding whether to halt or suspend trading and (2) the circumstances under which trading is generally halted or suspended by the Exchange. The CBOE also proposes to establish procedures for the resumption of trading after a halt or suspension is lifted, and to grant the Control Room the authority to turn off the Retail Automatic Execution System ("RAES") with respect to a stock option if the Control Room receives a credible indication that trading in the underlying stock has been halted.

The text of the proposed rule changes 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 Changes

In its filing with the Commission, CBOE included statements concerning the purpose of and the basis for the proposed rule changes and discussed any comments it received on the proposed rule changes. 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 parts of such statements.

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

The purpose of the proposed rule changes is to conform the rules to existing practice both regarding the factors considered in a decision to halt or suspend trading and regarding the circumstances under which trading generally will be halted or suspended, to establish procedures for the resumption of trading after a halt or suspension is lifted, and to grant the Control Room the authority to turn off RAES if the Control Room receives a credible indication that trading has stopped in the underlying stock.

Status of Rotation as Factor Considered in Halt or Suspension

Specifically, the proposal would amend Rules 6.3(a), 6.4(a) and 24.7(a) to include the status of the trading rotation 1 as a factor that may be considered in a decision whether to halt or suspend trading. Although it is not presently explicit in the rules, it is current practice to consider the rotation status in deciding whether to halt or suspend trading. For example, if the rotation is near completion, Floor Officials or the Exchange may decide it is in the interest of a fair and orderly market to complete the rotation before calling a halt or suspension in trading. The proposed amendment to the rules would notify members and the public that, when deciding whether to halt trading, Floor Officials may consider the extent to which the rotation has been completed and other factors regarding the status of the rotation. When deciding whether to suspend trading, the Board of Directors similarly would be able to consider the extent to which the rotation is completed or other factors regarding the status of the rotation.

Regulatory Halt

The proposal would add Interpretation .04 to Rule 6.3 and Interpretation .01 to Rule 6.4 to state the current practice that, in general, trading in a stock option will be halted when a regulatory halt in the underlying stock has occurred in the primary market for that stock. Any two Floor Officials may halt trading in any security in the interests of a fair and orderly market for a period not in excess of two consecutive business days.

¹A "trading rotation" is a series of very brief time periods during each of which bids, offers, and transactions in only a single, specified option contract can be made. *See* CBOE Rule 6.2.