

exchange their shares for shares of MidAmerican.

Pursuant to 10 CFR 50.80 the Commission may approve the transfer of control of a license, after notice to interested persons, upon the Commission's determination that the holder of the license following the transfer of control is qualified to have the control of the license and the transfer of the control is otherwise consistent with applicable provisions of law, regulations and orders of the Commission. Iowa-Illinois has requested consent under 10 CFR 50.80 for transfer of the licenses to reflect the effective change in control of such ownership interest in the Quad Cities Nuclear Power Station, Units 1 and 2.

For further details with respect to this action, see the November 21, 1994, letter, which is available for public inspection at the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW., Washington, DC, and at the local public document room located at the Dixon Public Library, 221 Hennepin Avenue, Dixon, Illinois 61021.

Dated at Rockville, Maryland this 4th day of January 1995.

For the Nuclear Regulatory Commission.

Robert A. Capra,

Director, Project Directorate III-2, Division of Reactor Projects—III/IV, Office of Nuclear Reactor Regulation.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-35184; International Series Release No. 766; File No. SR-CBOE-94-32]

Self-Regulatory Organizations; Order Approving Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval to Amendment No. 1 to Proposed Rule Change by the Chicago Board Options Exchange, Inc. Relating to the Listing and Trading of Warrants on the Nikkei Stock Index 300

December 30, 1994.

I. Introduction

On September 2, 1994, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to

list and trade warrants on the Nikkei Stock Index 300 ("Nikkei 300 Index" or "Index"). On December 12, 1994, the Exchange Filed Amendment No. 1 to the proposed rule change.³

Notice of the proposed rule change appeared in the **Federal Register** on October 25, 1994.⁴ No comments were received on the proposed rule change. This order approves the proposed rule change, including Amendment No. 1 on an accelerated basis.

II. Description of the Proposal

The CBOE proposes to list index warrants based on the Nikkei 300 Index, an index comprised of 300 representative stocks of the first section⁵ of the Tokyo Stock Exchange ("TSE"). On July 15, 1994, the Commission approved a proposal by the Exchange to list and trade options and full-value and reduced-value long-term options on the Index.⁶

A. Composition and Maintenance of the Index

The Nikkei 300 Index was designed by Nihon Keizai Shimbun, Inc. ("NKS"). The CBOE represents that Index component stocks were selected by NKS for their high market capitalizations, and their high degree of liquidity, and are representative of the relative distribution of industries within the broader Japanese equity market.

As of December 8, 1994, the total capitalization of the Index was approximately US\$2.24 trillion.⁷ Market capitalizations of the individual stocks in the Index ranged from a high of US\$76.99 billion to a low of US\$0.69

³ See letter from James R. McDaniel, Schiff, Hardin & Waite, to Michael Walinskas, Branch Chief, Division of Market Regulation, SEC, dated December 8, 1994 ("Amendment No. 1"). In amendment No. 1, the CBOE represents that (1) it will require that Nikkei 300 Index warrants be sold only to customers whose accounts have been approved for options trading pursuant to Exchange Rule 9.7; (2) customers with positions in Index warrants will be subject to the margin requirements applicable to options; (3) the CBOE will employ the same surveillance procedures that it currently has in place for index warrants listed and traded on the Exchange to surveil trading in warrants on the Index; (4) the Exchange will continue its efforts to enter into a comprehensive surveillance sharing agreement with the Tokyo Stock Exchange covering Nikkei 300 Index warrants; and (5) the CBOE, prior to the commencement of trading, will distribute to its membership a circular calling attention to certain compliance responsibilities when handling orders in Index warrants.

⁴ See Securities Exchange Act Release No. 34854 (October 18, 1994), 59 FR 53691 (October 25, 1994).

⁵ First section stocks are distinguished from second section stocks by more stringent listing standards.

⁶ See Securities Exchange Act Release No. 34388 (July 15, 1994), 59 FR 37789 (July 25, 1994) (File No. SR-CBOE-94-14).

⁷ Based on the December 8, 1994 exchange rate of ¥100.46 per US\$1.00.

billion, with a median of US\$3.36 billion and a mean of US\$7.46 billion. In addition, the average daily trading volume of the stocks in the Index, for the six-month period ending June 30, 1994, ranged from a high of 4,740,000 shares to a low of 6,000 shares, with a mean and median of approximately 676,000 and 417,000 shares, respectively. As of December 8, 1994, the highest weighted component stock in the Index accounted for 3.438 percent of the Index. The five largest Index components accounted for approximately 14.495 percent of the Index's value. The lowest weighted component stock comprised 0.013 percent of the Index, and the five smallest Index components accounted for approximately 0.203 percent of the Index's value.

The Index is maintained by NKS. To maintain the continuity of the Index, NKS will adjust the Index divisor to reflect certain events relating to the component stocks. These events include, but are not limited to, changes in the number of shares outstanding, spin-offs, certain rights issuances, and mergers and acquisitions. The CBOE represents that NKS reviews the composition of the Index periodically.

B. Calculation of the Index

The Nikkei 300 Index is capitalization-weighted and reflects changes in the prices of the Index component securities relative to the base date of the Index (October 1, 1982). The value of the Index is calculated by multiplying the price of each component security by the number of shares outstanding of each such security, adding the products, and dividing by the current Index divisor. The Index divisor is adjusted to reflect certain events relating to the component stocks.⁸ The Index had a closing value of 280.5 on December 8, 1994.

Because trading does not occur on the TSE during the CBOE's trading hours, the daily dissemination of the Index value is calculated by the CBOE once each day based on the most recent official closing price of each Index component security as reported by the TSE. This closing value is disseminated throughout the trading day on the CBOE.

C. Warrant Listing Standards and Customer Safeguards

The Exchange proposes to trade Nikkei 300 Index warrants pursuant to CBOE Rule 31.5(E).⁹ Under that rule, the

⁸ See *supra* Section II.A. The Index divisor was set to give the Index a value of 100 on its base date.

⁹ In File No. SR-CBOE-94-34, the CBOE has proposed to adopt new listing criteria and customer

¹ 15 U.S.C. 78s(b)(1) (1982).

² 17 CFR 240.19b-4 (1993).