

listing standards for standardized options trading; and (2) individual securities that are not options eligible that are held by one or more of the country funds represented in the Index and non-options eligible securities from individual countries represented by those holdings will not dominate the Index.⁴⁴ Third, because the securities comprising the Index must be "reported securities" as defined in Rule 11Aa3-1 of the Act, the components of the Index generally will be actively-traded and highly-capitalized. Fourth, the 10,500 contract position and exercise limits applicable to Index options and Index LEAPS will serve to minimize potential manipulation and market impact concerns.

Lastly, the Commission believes that settling expiring Latin 15 Index options, including full-value and reduced-value Index LEAPS, based on the opening prices of the component securities is consistent with the Act. As noted in other contexts, valuing options for exercise settlement on expiration based on opening prices rather than closing prices may help reduce adverse effects on markets for the closed-end fund securities underlying options on the Index.⁴⁵

The Commission finds good cause for approving Amendment Nos. 1 and 2 to the proposal prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register**. Specifically, Amendment No. 1 provides objective maintenance criteria which, for the reasons stated above, minimize the potential for manipulation of the Index and the securities comprising the Index. Further, as discussed above, the Commission believes that these maintenance criteria significantly strengthen the customer protection and surveillance aspects of the proposal, as originally proposed.⁴⁶

Amendment No. 2 merely extends the proposed trading hours for options on the Index by five minutes (*i.e.*, until 3:15 p.m., Chicago time). The Commission notes that this is consistent with CBOE Rule 24.6 whereby trading until 3:10 p.m. is the exception to the general rule that index options traded at the CBOE trade until 3:15 p.m., Chicago time.

Based on the above, the Commission finds good cause for approving Amendment Nos. 1 and 2 to the proposed rule change on an accelerated basis and believes that the proposal, as amended, is consistent with Sections 6(b)(5) and 19(b)(2) of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning Amendment Nos. 1 and 2. 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 at the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 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-95-20 and should be submitted by August 2, 1995.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁴⁷ that the proposed rule change (SR-CBOE-95-20), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁴⁸

Jonathan G. Katz,

Secretary.

[FR Doc. 95-16996 Filed 7-11-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-35939; File No. SR-MSRB-95-10]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Municipal Securities Rulemaking Board Relating to an Interpretation of Board rule G-11, on Sales of New Issue Municipal Securities During the Underwriting Period

July 5, 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 June 14, 1995, the

Municipal Securities Rulemaking Board ("Board" or "MSRB") filed with the Securities and Exchange Commission ("Commission" or "SEC") a proposed rule change (File No. SR-MSRB-95-10). The proposed rule change is described in Items I, II, and III below, which Items have been prepared by the Board. 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 MSRB is filing an interpretation of Board rule G-11, on sales of new issue municipal securities (hereafter referred to as "the proposed rule change").

II. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

In its filing with the Commission, the Board 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 Board 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 Board received an inquiry concerning situations where senior syndicate managers charge bookrunning expenses or management fees to syndicate members on a per-bond basis. The Board believes that discretionary fees for clearance costs and management fees may be expressed as a per bond charge. Under rule G-11, however, these expenses must be disclosed to members prior to the submission of a bid or prior to the extension of a purchase contract with the issuer; for example, in the Agreement Among Underwriters. The rule also provides that the senior syndicate manager must provide an itemized statement to syndicate members at or before final settlement of the syndicate account setting forth a detailed breakdown of actual expenses incurred on behalf of the syndicate, such as advertising, printing, legal, computer services, etc. The Board believes a per-bond fee creates the appearance that it is not an actual expense related to and incurred on behalf of the syndicate. The interpretation urges senior syndicate

⁴⁴ See *supra* Section III.A.

⁴⁵ See Securities Exchange Act Release No. 30944 (July 21, 1992), 57 FR 33376 (July 28, 1992). The Commission notes that prior to listing Index options or Index LEAPS (or any other product based on the Index), the CBOE will be required to review the Index and its components based on the then most recent semiannual reports filed with the Commission by each of the closed-end funds represented in the Index to ensure that the listing criteria discussed above are satisfied.

⁴⁶ See *supra* note III.A.

⁴⁷ 15 U.S.C. 78s(b)(2) (1988).

⁴⁸ 17 CFR 200.30-3(a)(12) (1994).