Exchange Rules Applicable

Except as modified herein, the Rules in Chapter XXIV will be applicable to Automotive Index options. In accordance with Chapter XXIV of CBOE's Rules, the Index will be treated as a narrow-based index for purposes of policies regarding trading halts and suspensions,⁵ and margin treatment.⁶

Index option contracts based on the Automotive Index will be subject to the position limit requirements of Rule 24.4, pursuant to which position and exercise limits for options on the Index would currently be set at 7,500 contracts. Positions in Index LEAPS will be aggregated with positions in Index options on a one-for-one basis. Ten reduced-value options will equal one full-value contract for purposes of aggregating positions.

CBOE has the necessary systems capacity to support new series that would result from the introduction of the Automotive Index options. CBOE has also been informed that OPRA has the capacity to support such new series.

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act in general and furthers the objectives of Section 6(b)(5) in particular in that it will permit trading in options based on the Automotive Index pursuant to rules designed to prevent fraudulent and manipulative acts and practices and to promote just and equitable principles of trade.

The rule proposal will also serve to further these objectives by providing investors with the ability to invest in options based on an additional index.

(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.

(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 consent, 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. 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 CBOE. All submissions should refer to SR-CBOE-95-51 and should be submitted by October 26, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷ Margaret H. McFarland, *Deputy Secretary.* [FR Doc. 95–24716 Filed 10–4–95; 8:45 am]

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Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to the Interruption of the Retail Automated Execution System Following Certain Analyst's Reports

September 29, 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 July 12, 1995, 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 self-regulatory organization. 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 promulgate a policy concerning the application of CBOE Rule 6.6, "Unusual Market Conditions," in the circumstance where the Exchange has determined that the televised reporting of a particular securities analyst has had a regular, albeit short-lived, destabilizing impact on the options market.¹ Specifically, the Exchange proposes to declare a "fast' market for a short period of time each day for options of the class or classes of stock(s) identified in the analyst's report and to temporarily deactivate the Exchange's Retail Automated Execution System ("RAES") for the affected options until the stock prices in the primary market and options prices in RAES have adjusted, which is likely to occur within one or two minutes following the report. The Exchange plans to announce the policy through a regulatory circular to its members.

The text of the proposal 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 self-regulatory organization 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 self-regulatory organization has prepared summaries, set forth in sections (A), (B), and (C), of the most significant aspects of such statements.

⁵ See CBOE Rule 24.7.

⁶See CBOE Rule 24.11.

⁷¹⁷ CFR 200.30-3(a)(12).

¹ CBOE Rule 6.6 allows two or more floor officials, because of an influx of orders or other unusual conditions or circumstances, and in the interest of maintaining a fair and orderly market, to declare the market in one or more classes of option contracts to be "fast." Under CBOE Rule 6.6, the floor officials declaring the fast market have the power to take actions that are deemed necessary in the interest of maintaining a fair and orderly market.