style,7 and cash-settled. Trading hours for the Index options will be 9:00 a.m. to 4:15 p.m. New York time. Options on the Trading Value of the Index will expire on the Saturday following the third Friday of the expiration month ("Expiration Friday"). The last trading day in an option series will normally be the business day immediately preceding Expiration Friday of each expiration month (normally a Thursday) and trading in expiring options will cease at the close of trading on such day. The exercise settlement value for all of the expiring reduced-value Index options will be calculated based upon the closing value of the Index as determined by the FSE. The FSE calculates an average Index value based upon the average of ten separate Index levels, taken once each minute, between 1:21 p.m. and 1:30 p.m. Frankfurt time on the day following the last day of trading in the expiring contracts, i.e., normally Expiration Friday. The Amex represents that if a component stock does not trade during this interval or if it fails to open for trading, the last available price of the stock will be used by the FSE to calculate the value of the Index. The Amex will then use that value to calculate the settlement Trading Value for the reduced-value Index options. When an option expiration is moved in accordance with an Exchange holiday, the last trading day for the expiring Index options will be the Wednesday before Expiration Friday and the exercise settlement value of the Index options will be determined at the close of the regular Thursday trading session on the FSE, even if the FSE is open for trading on Expiration Friday. If the FSE will be closed on an Expiration Friday, the last trading day for expiring Index options listed by the Amex will be on the Wednesday before Expiration Friday

The Exchange plans to list reducedvalue Index options series with expirations in the three near-term calendar months and in the three additional calendar months in the March cycle. In addition, longer term reduced-value Index options series having up to 36 months to expiration may be traded ("Index LEAPS"). In lieu of such long-term options on the Trading Value of the Index, the Exchange may instead list long-term reduced-value options based on onetenth of the Index's Trading Value, i.e., 1/100th of the value of the DAX Index as calculated by the FSE. The current and closing trading values of such

reduced-value Index LEAPS will, after the initial computation, be rounded to the nearest one-hundredth. In either event, the interval between expiration months for all long-term Index options will not be less than six months.

Exchange Rules Applicable to Stock Index Options

Amex Rules 900C through 980C will apply to the trading of standardized and long-term option contracts based on the DAX Index. These rules cover issues such as sales practices, margin requirements, exercise prices, position limits, and floor trading procedures. Surveillance procedures currently used to monitor trading in each of the Exchange's other index options will also be used to monitor trading in options on the DAX Index. In order to provide an adequate mechanism for sharing surveillance information with respect to the Index's component stocks, the Amex represents that it has entered into discussions with representatives of the FSE and has reached preliminary agreement with respect to establishing an appropriate means to accomplish such information sharing.

The Amex represents that the DAX Index is deemed to be a Stock Index Option under Rule 901C(a) and a Broad Stock Index Group under Rule 900C(b)(1). With respect to Rule 903C(b), the Exchange proposes to list near-the-money (i.e., within ten points above or below the current Index value) options series on the Index at $2^{-1/2}$ point strike (exercise) price intervals when the value of the Index is below 200 points. In addition, the Exchange proposes to establish position limits for options on the reduced-value DAX Index, including Index LEAPS, pursuant to Rule 904C(b), of 25,000 contracts on the same side of the market, provided no more than 15,000 of such contracts are in series in the nearest term month.

In anticipation of substantial activity in the options on this Index (including institutional activity), the Exchange also proposes to have the ability to utilize its Auto-Ex system for orders in the reduced-value DAX Index options of up to 50 contracts. Auto-Ex is the Exchange's automated execution system which provides for the automatic execution of market and marketable limit orders at the best bid or offer at the time the order is entered. The Exchange represents that the ability to use Auto-Ex for orders of up to 50 contracts will provide customers with deep, liquid markets as well as expeditious executions.

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 is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

(B) Self-Regulatory Organization's Statement on Burden on Competition

The Amex does not believe that the proposed rule change will impose any inappropriate 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 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. 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 in the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. Copies of such filing

⁷ European-style options may only be exercised during a specified period immediately prior to expiration of the options.