B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe 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

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

Because the foregoing proposed rule change: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; (3) was provided to the Commission for its review at least five business days prior to the filing date; and (4) does not become operative for 30 days from October 11, 1995, the rule change proposal has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(e)(6) thereunder. In particular, the Commission believes the proposal qualifies as a 'noncontroversial filing'' in that the proposed amendments do not significantly affect the protection of investors or the public interest and do not impose any significant burden on competition. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears

## IV. Solicitation of Comments

purposes of the Act.

to the Commission that such action is

necessary or appropriate in the public

interest, for the protection of investors,

or otherwise in furtherance of the

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 File No. SR-CBOE-95-55 and should be submitted by December 20, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.  $^2$ 

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–29148 Filed 11–28–95; 8:45 am]

[Release No. 34–36504; File No. SR-PSE-95-18]

Self-Regulatory Organizations; Pacific Stock Exchange, Inc.; Order Approving a Proposed Rule Change Relating to Increased Position and Exercise Limits on the PSE Technology Index

November 22, 1995.

On August 21, 1995, the Pacific Stock Exchange, Inc. ("PSE" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b–4 thereunder,² a proposed rule change to increase the existing position and exercise limits for options on the PSE Technology Index ("Technology Index" or "Index") and change the terms of option contracts overlying the Index from closing price (p.m.) settlement to opening price (a.m.) settlement.

Notice of the proposed rule change was published for comment and appeared in the Federal Register on August 31, 1995.<sup>3</sup> No comments were received on the proposal. The portion of the filing relating to a.m. settlement of Technology Index options was approved by the Commission and appeared in the Federal Register on September 21, 1995.<sup>4</sup> This order approves the remaining portion of the filing relating to increased position limits.

## I. Description of the Proposal

On November 26, 1991, the Commission approved an exchange proposal to re-classify the Technology Index as a broad-based index for position limit and customer margin purposes.<sup>5</sup> The Index is price-weighted and comprised of 100 stocks that are intended to represent a broad spectrum of companies principally engaged in manufacturing and service-related products within advanced technology fields.<sup>6</sup> The PSE currently lists European-style,<sup>7</sup> a.m. settled <sup>8</sup> options based on the Index.

The Exchange is proposing to set new position and exercise limits for options on the Index at 37,500 contracts on the same side of the market (versus the current 15,000 contract level), with no more than 22,500 of such contracts in the series with the nearest expiration date. The Exchange has compared the Index with indexes traded on other exchanges and believes, based on such data, that the proposed position and exercise limits are consistent with the existing limits for broad-based index option contracts traded at the other exchanges.<sup>9</sup>

## II. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, the requirements of Section 6(b)(5),10 in particular, in that it should help remove impediments to and perfect the mechanism of a free and open market, promote just and equitable principles of trade and protect investors and the public interest. Specifically, the Commission believes that the PSE's proposal to increase position and exercise limits on the Technology Index to 37,500 contracts could increase the depth and liquidity of the Technology Index options market 11 without significantly increasing concerns regarding intermarket manipulations or disruptions of the market for the options

<sup>&</sup>lt;sup>2</sup> 17 CFR 200.30-3(a)(12) (1944).

<sup>&</sup>lt;sup>1</sup> 15 U.S.C. 78s(b)(1) (1988 & Supp. V 1993).

<sup>2 17</sup> CFR § 240.19b-4 (1994).

 $<sup>^3\,</sup>See$  Securities Exchange Act Release No. 36146 (August 23, 1995), 60 FR 45509.

 $<sup>^4\,</sup>See$  Securities Exchange Act Release No. 36236 (Sept. 14, 1995), 60 FR 49031.

<sup>&</sup>lt;sup>5</sup> Securities Exchange Act Release No. 29994, 56 FR 63536 (Dec. 4, 1991). The Commission initially approved options trading on the Index in November 1983. See Securities Exchange Act Release Nos. 20424, 48 FR 54557 (Dec. 5, 1983); and 20499, 48 FR 58880 (Dec. 23, 1983).

<sup>&</sup>lt;sup>6</sup> On September 12, 1995, the PSE reduced the value of the Technology Index from 420.54 to 210.27. Options on the Index commenced trading on September 18, 1995.

<sup>&</sup>lt;sup>7</sup> A European-style option may only be exercised during a specified period prior to expiration.

<sup>&</sup>lt;sup>8</sup> A.M. settlement methodology utilizes opening market prices for the underlying securities rather than closing market prices.

<sup>&</sup>lt;sup>9</sup>The Exchange has compared the Index to the following indexes: Russell 2000 Index, S&P 400 Index, S&P 600 Index, Wilshire Small-Cap Index and National Over the Counter Index.

<sup>10 15</sup> U.S.C. 78f(b)(5) (1982).

<sup>&</sup>lt;sup>11</sup>The increase in position limits could increase market depth and liquidity by giving institutional investors wider latitude in trading to manage their portfolios.