regarding trading activity in the underlying securities.

### (7) Position Limits

The Exchange proposes to establish position limits for options on the S&P SmallCap 600 at 100,000 contracts on either side of the market, and no more than 60,000 of such contracts may be in the series in the nearest expiration month. The Exchange represents that these limits are roughly equivalent, in dollar terms, to the limits applicable to comparable small-capitalization indexes, including the Wilshire Small Cap Index and the Russell 2000 Index.

## (8) Exchange Rules Applicable

As modified herein, the Rules in Chapter XXIV will be applicable to S&P SmallCap 600 options.

CBOE represents that it has the necessary systems capacity to support new series that would result from the introduction of S&P SmallCap 600 options. CBOE has also been informed that the Options Price Reporting Authority ("OPRA") believes that it has the capacity to support such new series.<sup>6</sup>

The CBOE 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 S&P SmallCap 600 pursuant to rules designed to prevent fraudulent and manipulative acts and practices and promote just and equitable principals of trade, and thereby will provide investors with the ability to invest in options based on an additional index.

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

CBOE 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

Written comments on the proposed rule change were neither solicited nor received.

# 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, 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 in the Commission's Public Reference Section, 450 Fifth Street, NW. Washington, DC. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to File No. SR-CBOE-94-43 and should be submitted by February 22, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

# Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–2387 Filed 1–31–95; 8:45 am]

[Release No. 34-35275; File No. SR-NASD-94-68]

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Order Granting Temporary Approval and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 2 of Proposed Rule Change to Extend the Interim SOES Rules

January 25, 1995.

### I. Introduction

On December 1, 1994, the National Association of Securities Dealers, Inc.

("NASD" or "Association") filed with the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act") <sup>1</sup> and Rule 19b–4 thereunder.<sup>2</sup> The NASD proposes to extend through March 27, 1995 certain of the prior changes to its Small Order Execution System ("SOES") that are scheduled to expire today. The currently effective prohibition on short selling in SOES would not be extended.

Specifically, the NASD proposes to extend changes that: (1) Reduced the maximum size order eligible for execution through SOES from 1,000 shares to 500 shares; (2) reduced the minimum exposure limit for "unpreferenced" SOES orders from five times the maximum order size to two times the maximum order size, and eliminated the exposure limits for 'preferenced orders"; and (3) implemented an automated function for updating market maker quotations when the market maker's exposure limit has been exhausted (collectively referred to hereinafter as the "Amended Interim SOES Rules").

In 1993, the Commission approved these changes to the SOES rules (as well as a short selling prohibition) on a one-year pilot basis. Approval on a pilot basis was intended to permit the Commission to reconsider the effects of the rules in light of experience with the rules' operation in the marketplace. The NASD now seeks extension of certain of these rules.

The NASD originally sought extension of the Amended Interim SOES Rules through May 1, 1995. Notice of that proposed rule change appeared in the **Federal Register** on December 16, 1994.<sup>5</sup> The Commission received comments from 58 commenters, with 12 supporting the proposal and 46 opposing it. On January 23, 1995, the NASD amended its proposal to request extension of the Amended Interim SOES Rules until March 27, 1995, rather than

<sup>&</sup>lt;sup>6</sup> See letter from Joseph P. Corrigan, Executive Director, OPRA, to Eileen Smith, Director, Product Development, CBOE, dated October 26, 1994.

<sup>7 17</sup> CFR 200.30-3(a)(12) (1994).

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

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

<sup>&</sup>lt;sup>3</sup> Securities Exchange Act Release No. 33377 (Dec. 23, 1993), 58 FR 69419 (Dec. 30, 1993) (approving the Interim SOES Rules on a one-year pilot basis effective January 7, 1994). See also Securities Exchange Act Release No. 33424 (Jan. 5, 1994) (order denying stay and granting interim stay through January 25, 1994) and Securities Exchange Act Release No. 33635 (Feb. 17, 1994) (order denying renewed application for stay).

<sup>&</sup>lt;sup>4</sup>Securities Exchange Act Release No. 33377 (Dec. 23, 1993), 58 FR 69419 (Dec. 30, 1993).

<sup>&</sup>lt;sup>5</sup>The NASD amended the proposed rule change twice since it was originally filed with the Commission on December 1, 1994. The first amendment was included in the Commission's original notice. Securities Exchange Act Release No. 35077 (Dec. 9, 1994), 59 FR 65105 (Dec. 16, 1994).