

the Exchange's listing standards for standardized options trading; and (2) no individual security held by one or more of the mutual funds represented in the Index and no individual country represented by those holdings will dominate the Index.⁴⁹ Third, because the securities issued by each of the closed-end funds comprising the Index must be "reported securities" as defined in Rule 11Aa3-1 of the Act, the securities issued by these closed-end funds generally will be actively-traded, highly-capitalized securities. 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 Asian Markets Index options, including full-value and reduced-value Index LEAPS, based on the opening prices of the closed-end fund securities comprising the Index 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.⁵⁰

The Commission finds good cause for approving Amendment No. 2 prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register**. Specifically, Amendment No. 2 provides objective maintenance criteria which, for the reasons stated above, should minimize the potential for manipulation of the Index and the closed-end mutual fund 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.⁵¹ Moreover, the Commission believes that reducing the number of component funds in the Index by one is not a material change that raises regulatory concerns not already addressed by the proposal. Accordingly, the Commission believes it is consistent with Sections 6(b)(5) and 19(b)(2) of the Act to approve Amendment No. 2 to the proposed rule change on an accelerated basis.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and

arguments concerning Amendment No. 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 above-mentioned self-regulatory organization. All submissions should refer to the File Number SR-CBOE-94-20 and should be submitted by March 1, 1995.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁵² that the proposed rule change (SR-CBOE-94-20), as amended, is approved.⁵³

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵⁴

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-3035 Filed 2-7-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-35307; File No. SR-CBOE-95-03]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Inc. Relating to Restrictions on the Exercise on Index Options

January 31, 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 January 18, 1995, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") filed with the Securities and Exchange

⁵² 15 U.S.C. 78s(b)(2) (1988).

⁵³ The Commission notes that prior to listing Index options or Index LEAPS, the CBOE will be required to review 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 closed-end fund securities comprising the Index, as well as the holdings of each of the closed-end funds represented in the Index, satisfy, at the time of listing, the listing criteria discussed above.

⁵⁴ 17 CFR 200.30-3(a)(12) (1994).

Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. 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 Exchange proposes to amend its Rule 4.16 to limit the time period during which restrictions on the exercise of index options may be in effect, making Rule 4.16 consistent with CBOE Regulatory Circular RG91-11, dated January 14, 1991. Rule 4.16 would be amended to substitute the words "business day" for the words "trading day," thereby making Rule 4.16 consistent with CBOE's stated policy as set forth in Regulatory Circular RG91-11. The text of the proposed rule change is available at the Office of the Secretary, the 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 CBOE included statements concerning the purpose of and basis for the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Section (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 purpose of the proposed rule change is to revise Rule 4.16 to make it consistent with CBOE's stated policy regarding when restrictions on the exercise of index options may be in effect, as set forth in Regulatory Circular RG91-11. The Exchange represents that it promulgated the policies regarding exercise restrictions in Regulatory Circular RG91-11 to implement a coordinated approach to which all of the options exchanges had agreed. Regulatory Circular RG91-11 provides, in part, that, except during "the last business day prior to expiration, the (American Stock Exchange, CBOE, New York Stock Exchange, Pacific Stock Exchange, and the Philadelphia Stock Exchange) intend to prohibit exercises of cash settled index options during any time when trading in such options are

⁴⁹ See *supra* Section III.A.

⁵⁰ See Securities Exchange Act Release No. 30944 (July 21, 1992), 57 FR 33376 (July 28, 1992).

⁵¹ See *supra* Section III.A.