

Interpretation .03 to Rule 24.13 to delete the requirement that any delays in the opening rotation must be in five (5) minute intervals and to give two Floor Officials greater discretion to delay the commencement of the opening rotation. Rather than limiting the circumstances under which two Floor Officials may delay the opening, amended

Interpretation .03 would permit Floor Officials to delay the opening rotation at their discretion in the interests of a fair and orderly market. The circumstances outlined in current Interpretation .03 to Rule 24.13, under which two Floor Officials may delay the opening, would remain as factors that Floor Officials may consider in deciding whether to delay the opening rotation. CBOE believes that these amendments to Interpretation .03 are consistent with the amendment proposed for Rule 6.2, which grants two Floor Officials the authority to delay the opening rotation in any class of options in the interests of a fair and orderly market. Current Interpretation .01 to Rule 24.13 provides that the procedures for modification of a rotation and other aspects of the rotation set forth in Rule 6.2 are applicable to index options. CBOE believes that the authority regarding delays in opening contained in Rule 6.2 should therefore apply to index options, so that Floor Officials' discretion to delay the opening is not more restricted in the case of index options.

The present requirement that the delay in the opening rotation for index options may only be in five (5) minute intervals would be deleted because CBOE believes the interests of a fair and orderly market are better served if the Floor Officials may end the delay and commence the opening when it is appropriate to do so, without having to wait until the prescribed five minutes has lapsed. In addition, CBOE believes that for lengthy delays, it is impractical to require two Floor Officials to remain at the index options post for the sole purpose of declaring successive five minute delays.

Conclusion

The proposed rule changes are intended to give Order Book Officials, with the approval of two Floor Officials, the discretion to conduct a trading rotation during the day and to structure the order and manner of the rotation as they consider appropriate under the circumstances. The rule changes would further allow any two Floor Officials to delay the opening rotation if it is in the interests of a fair and orderly market to do so. CBOE believes that the proposed rule changes are consistent with and further the objectives of section 6(b)(5)

of the Act, in that the rule changes are designed to perfect the mechanism of free and open market and to protect investors and the public interest by enabling Floor Officials and Order Book Officials to evaluate and consider market conditions and circumstances in determining the appropriate order and manner of the rotation and whether to delay the opening rotation.

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

CBOE does not believe that the proposed rule changes will impose any burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Changes Received From Members, Participants or Others

No written comments were solicited or received with respect to the proposed rule changes.

III. Date of Effectiveness of the Proposed Rule Changes 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 funding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) By order approve such proposed rule changes, or
- (B) institute proceedings to determine whether the proposed rule changes 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 changes that are filed with the Commission, and all written communications relating to the proposed rule changes 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 20549. Copies of such filing will also be available for

inspection and copying at the principal office of CBOE. All submissions should refer to the file number SR-CBOE-95-04 and should be submitted by March 14, 1995.

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

Margaret H. McFarland,

Deputy Secretary.

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Self-Regulatory Organizations; Notice of Proposed Rule Change by the National Association of Securities Dealers, Inc., Relating to a Six Month Extension of the SOES Minimum Exposure Limit Rule and the SOES Automated Quotation Update Feature

February 13, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on February 10, 1995, the National Association of Securities Dealers, Inc. ("NASD" or "Association") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the NASD. The Commission in 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 NASD proposed to extend, until October 2, 1995, the effectiveness of certain rules governing the operation of The Nasdaq Stock Market, Inc.'s ("Nasdaq") Small Order Execution System ("SOES"). Specifically, these SOES rules, which were previously approved by the Commission on a pilot basis on December 23, 1993² and recently extended through March 27, 1995,³ provide for: (1) a reduction in the minimum exposure limit for unpreferred SOES orders from five times the maximum order size to two times the maximum order size, and for the elimination of exposure limits for preferred orders ("SOES Minimum

² 17 CFR 200.30-3(a)(12)(1994).

¹ 15 U.S.C. 78s(b)(1) (1988).

² See Securities Exchange Act Release No. 33377 (Dec. 23, 1993), 58 FR 69419 (Dec. 30, 1993) ("Interim SOES Rules Approval Order").

³ See Securities Exchange Act Release No. 35275 (Jan. 25, 1995), 60 FR 6327 (Feb. 1, 1995) ("Interim SOES Rules Extension Order").