reason for the request is being made available for public inspection at the NRC's Public Document Room at 2120 L Street, NW (Lower Level), Washington, DC 20555.

The NRC hereby provides notice of an opportunity for a hearing on the license amendment under the provisions of 10 CFR Part 2, Subpart L, ''Informal Hearing Procedures for Adjudications in Materials and Operator Licensing Proceedings.'' Pursuant to § 2.1205(a), any person whose interest may be affected by this proceeding may file a request for a hearing. In accordance with § 2.1205(c), a request for hearing must be filed within 30 days of the publication of this notice in the Federal Register. The request for a hearing must be filed with the Office of the Secretary, either:

(1) By delivery to the Docketing and Service Branch of the Office of the Secretary at One White Flint North, 11555 Rockville Pike, Rockville, MD 20852; or

(2) By mail or telegram addressed to the Secretary, U.S. Nuclear Regulatory Commission, Washington, DC 20555, Attention: Docketing and Service Branch.

In accordance with 10 CFR 2.1205(e), each request for a hearing must also be served, by delivering it personally or by mail, to:

(1) The applicant, Umetco Minerals Corporation, P.O. Box 1029, Grand Junction, Colorado 81502, Attention: Pat Lyons; and

(2) The NRC staff, by delivery to the Executive Director for Operations, One White Flint North, 11555 Rockville Pike, Rockville, MD 20852 or by mail addressed to the Executive Director for Operations, U.S. Nuclear Regulatory Commission, Washington, DC 20555.

In addition to meeting other applicable requirements of 10 CFR Part 2 of the NRC's regulations, a request for a hearing filed by a person other than an applicant must describe in detail:

(1) The interest of the requestor in the proceeding;

(2) How that interest may be affected by the results of the proceeding, including the reasons why the requestor should be permitted a hearing, with particular reference to the factors set out in § 2.1205(g);

(3) The requestor's areas of concern about the licensing activity that is the subject matter of the proceeding; and

(4) The circumstances establishing that the request for a hearing is timely in accordance with § 2.1205(c).

The request must also set forth the specific aspect or aspects of the subject matter of the proceeding as to which petitioner wishes a hearing.

Dated at Rockville, Maryland, this 30th day of October 1995.

Joseph J. Holonich,

Chief, High-Level Waste and Uranium Recovery Projects Branch, Division of Waste Management, Office of Nuclear Material Safety and Safeguards.

[FR Doc. 95–27413 Filed 11–3–95; 8:45 am]

BILLING CODE 7590–01–P

OFFICE OF PERSONNEL MANAGEMENT

Federal Prevailing Rate Advisory Committee; Cancellation of Open Committee Meeting

According to the provisions of section 10 of the Federal Advisory Committee Act (Pub. L. 92–463), notice is hereby given that the meeting of the Federal Prevailing Rate Advisory Committee scheduled for Thursday, November 16, 1995, has been canceled.

Information on other meetings can be obtained by contacting the Committee's Secretary, Office of Personnel Management, Federal Prevailing Rate Advisory Committee, Room 5559, 1900 E Street, NW., Washington, DC 20415 (202) 606–1500.

Dated: October 30, 1995.

Anthony F. Ingrassia,

Chairman, Federal Prevailing Rate Advisory Committee.

[FR Doc. 95–27396 Filed 11–3–95; 8:45 am]

BILLING CODE 6325–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–36434; File Nos. SR–Amex–95–41; SR–CBOE–95–32; SR–NYSE–95–30; SR–PHLX–95–65; and SR–PSE–95–21]

Self-Regulatory Organizations; Order Approving Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 1 to the Proposed Rule Change by the Chicago Board Options Exchange, Inc., and Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Changes by the American Stock Exchange, Inc., the New York Stock Exchange, Inc., the Philadelphia Stock Exchange, Inc., and the Pacific Stock Exchange, Inc. and Amendment No. 1 to the Pacific Stock Exchange's Proposal, Relating to the Listing and Maintenance Criteria for Options on American Depository Receipts

October 30, 1995.

I. Introduction

On July 12, 1995, the Chicago Board Options Exchange, Inc. (''CBOE'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] a proposal to amend Interpretation and Policy .03 to CBOE Rule 5.3, ''Criteria for Underlying Securities,'' and Interpretation and Policy .09 to CBOE Rule 5.4, ''Withdrawal of Approval of Underlying Securities,'' to revise the listing and maintenance criteria for options on American Depository Receipts (''ADRs'').

Notice of the proposed rule change appeared in the Federal Register on August 8, 1995.[3] No comments were received on the proposed rule change.

[1] 15 U.S.C. § 78s(b)(1) (1988).

[2] 17 CFR 240.19b–4 (1994).

[3] *See* Securities Exchange Act Release No. 36049 (August 2, 1995), 60 FR 40401. The CBOE amended the proposed maintenance criteria to provide that if an ADR was initially deemed appropriate for options trading on the grounds that 50% or more of the worldwide trading volume in the ADR and other related ADRs and securities takes place in U.S. markets or in markets with which the CBOE has an effective surveillance sharing agreement, or if an ADR was initially deemed appropriate for options trading based on the daily trading volume in U.S. markets, as provided in the proposal, then the CBOE may not open for trading additional series of options on that ADR unless the percentage of worldwide trading volume in the ADR and other related securities that takes place in the U.S. and in markets with which the CBOE has in place surveillance sharing agreements for any consecutive three month period is either (1) at least 30% without regard to the average daily trading volume in the ADR, or (2) at least 15% when the average

Continued

The Commission thereafter received identical proposals from the American Stock Exchange, Inc. (''Amex''),[4] the New York Stock Exchange, Inc. (''NYSE''),[5] the Philadelphia Stock Exchange, Inc. (''PHLX''),[6] and the Pacific Stock Exchange, Inc. (''PSE''),[7] (hereafter referred to collectively with the CBOE as the ''Exchanges'' and each individually referred to as an ''Exchange'').

II. Description of the Proposals

Listing Criteria for Options on ADRs

Currently, the Exchanges' rules allow the Exchanges to list options on an ADR that meets or exceeds the Exchanges' established uniform options listing standards if the ADR also satisfies any of the following conditions: (1) The Exchange has in place an effective surveillance agreement[8] with the primary exchange in the home country where the security underlying the ADR is traded; (2) the combined trading volume of the ADR, the security underlying the ADR, other classes of common stock related to the security underlying the ADR, and ADRs overlying such other classes of common stock (collectively, ''other related ADRs and securities'') occurring in the U.S. ADR market[9] represents (on a share equivalent basis) at least 50% of the combined world-wide trading volume in the ADR and other related ADRs and securities over the three month period preceding the date of selection of the ADR for options trading (''50% Test''); or (3) the Commission otherwise authorizes the listing.[10]

The Exchanges propose to amend their ADR listing criteria by (1) revising the manner in which the applicable percentage of world-wide trading volume is calculated under the 50% Test; and (2) adding new criteria for the listing of options on ADRs, based on daily trading in the U.S. Specifically, the Exchanges proposes to revise the 50% Test so that trading in ADRs and other related ADRs and securities in any market with which the applicable Exchange has in place a comprehensive/effective surveillance sharing agreement will be added to U.S. ADR market volume for the purpose of determining whether the 50% test has been met. Currently, only trading in the U.S. ADR market counts towards satisfying the 50% Test.

In addition, the Exchanges propose to add a fourth alternative set of criteria under which the Exchanges may list options on ADRs. The new standard (the ''Daily Trading Volume Standard'') will permit the Exchanges to list options on ADRs if each of the following three conditions is satisfied: (1) The combined trading volume for the ADR and other related ADRs and securities occurring in the U.S. ADR market or in any market with which the Exchange has in place a comprehensive/effective surveillance agreement represents (on a share equivalent basis) at least 20% of the combined world-wide trading volume in the ADR and other related ADRs and securities over the three month period preceding the date of selection of the ADR for options trading; (2) the average trading volume for the ADR in the U.S. ADR market over the three months preceding the date of selection of the ADR for options trading is at least 100,000 shares per day; and (3) the trading volume for the ADR in the U.S. ADR market is at least 60,000 shares per day for a majority of the trading days for the three months preceding the date of selection of the ADR for options trading.

The Exchanges note that, like the 50% Test, the Daily Trading Volume Standard will allow the listing of options on ADRs in the absence of a comprehensive/effective surveillance sharing agreement between the applicable Exchange and the home country where the security underlying the ADR is traded. The Exchanges believe that the Daily Trading Volume Standard is justified because it will enable the Exchanges to list options on ADRs that are widely followed by U.S. investors but that do not meet the 50% Test. The Exchanges note that although the Daily Trading Volume Standard reduces from 50% to 20% the percentage of world-wide trading that must occur in the U.S. ADR market and in markets with which an Exchange has a comprehensive/effective surveillance sharing agreement, it also requires the ADRs to have trading volume in the U.S. ADR market. The Exchanges believe that the Daily Trading Volume Standard's requirement of observable, high trading volume should ameliorate regulatory concerns regarding investor protection.

Maintenance Criteria for Options on ADRs

The proposals also revise the maintenance criteria for listing additional series of options on ADRs. Currently, the Exchanges' rules prohibit the Exchanges from opening trading on any additional series of options on an ADR that was listed initially under the 50% Test if the U.S. trading volume over a subsequent three month period is less than 30% of worldwide trading volume, unless either (1) the Exchange has in place a comprehensive/effective surveillance agreement with the primary exchange in the home country where the security underlying the ADR is traded, or (2) the Commission has otherwise authorized the listing.

The Exchanges propose to amend the maintenance criteria to prohibit an Exchange from opening trading in any additional series of options on an ADR that was listed initially pursuant to the 50% test or the Daily Trading Volume standard unless the percentage of worldwide trading volume in the ADR and other related securities takes place in U.S. markets and in markets with which the applicable Exchange has in place a comprehensive/effective surveillance sharing agreements for any consecutive three month period is either (1) at least 30% without regard to the average daily trading volume in the ADR, or (2) at least 15% when the average U.S. daily trading volume in the ADR for the previous three months is at

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U.S. daily trading volume in the ADR for the previous three months is at least 70,000 shares. *See* Letter from Timothy Thompson, CBOE, to Jim McHale, Division of Market Regulation (''Division''), Commission, dated September 7, 1995 (''Amendment No. 1'').

[4] *See* File No. SR–Amex–95–41, submitted on October 11, 1995.

[5] *See* File No. SR–NYSE–95–30, submitted on September 26, 1995.

[6] *See* File No. SR–PHLX–95–65, submitted on September 19, 1995.

[7] *See* File No. SR–PSE–95–21, submitted on September 7, 1995. The PSE amended its proposal to conform its maintenance standards to the maintenance standards proposed by the CBOE. *See* Letter from Michael D. Pierson, Senior Attorney, Market Regulation, to Yvonne Fraticelli, Attorney, Office of Market Supervision, Division, Commission, dated October 13, 1995 (''Amendment No. 1'').

[8] The Commission defines an effective (*i.e.*, comprehensive) surveillance agreement as one pursuant to which the Exchange can obtain relevant surveillance information, including, among other things, the identity of the customers of securities transactions. The term ''effective'' surveillance sharing agreement is interchangeable with ''comprehensive'' surveillance sharing agreement.

[9] The U.S. ADR market includes the U.S. self-regulatory organizations that are members of the Intermarket Surveillance Group (''ISG'') and whose members are linked together by the Intermarket Trading System (''ITS''). The ISG, which is comprised of the Amex, the Boston Stock Exchange, Inc., the CBOE, the Chicago Stock Exchange, Inc., the Cincinnati Stock Exchange, Inc., the National Association of Securities Dealers, Inc. (''NASD''), the NYSE, the PSE, and the PHLX, was formed on July 14, 1983, to, among other things, coordinate more effectively surveillance and investigative information sharing arrangements in the stock and options markets. ITS is a communications system designed to facilitate trading among competing markets by providing each market with order routing capabilities based on current quotation information. *See* Securities Exchange Act Release No. 33554 (January 31, 1994), 59 FR 5622 (February 7, 1994), (order approving File No. SR–CBOE–93–81).

[10] The Commission generally would only provide such authorization in the context of approving a rule filing submitted under Section 19 of the Act and Rule 19b–4 thereunder.

least 70,000 shares.[11] The Exchanges believe that the proposed 15% requirement, together with the significant average daily trading volume requirement (70,000 shares) should be adequate to address concerns regarding the Exchanges' ability to investigate possible options manipulation involving the underlying ADRs without being so high as to unduly interfere with the continued trading of option products that have become established on an Exchange.

The Exchanges believe that the proposed rule changes are consistent with Section 6(b) of the Act, in general, and further the objectives of Section 6(b)(5), in particular, in that they are designed to remove impediments to and perfect the mechanism of a free and open market and a national market system by enabling the Exchanges to list options on widely followed ADRs without compromising investor protection concerns.

III. Discussion

The Commission finds that the proposed rule changes are 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).[12] The Commission believes, as it has concluded previously,[13] that the listing of options on ADRs, among other things, provides investors with a better means to hedge their positions in the underlying ADRs, as well as enhanced market timing opportunities.[14] Further, the pricing of the ADRs underlying ADR options may become more efficient and market makers in these ADRs, by virtue of enhanced hedging opportunities, may be able to provide deeper and more liquid markets.[15] In sum, options on ADRs likely engender the same benefits to investors and the marketplace that exist with respect to options on common stock.[16]

The Commission believes that the proposed amendments to the listing and maintenance standards for options on ADRs will benefit investors by effectively increasing the number of available options-eligible ADRs. At the same time, the proposals provide safeguards designed to prevent manipulations and other abusive trading strategies in connection with the trading of ADR options and their underlying securities. Accordingly, the Commission believes that the proposals will extend the benefits associated with ADR options to additional ADRs and provide market participants with opportunities to trade a greater number of ADR options without compromising the effectiveness of the Exchanges' listing and maintenance standards for options on ADRs.

Currently, the 50% Test allows an Exchange to list options on an ADR in the absence of a comprehensive/effective surveillance sharing agreement with the primary exchange where the security underlying the ADR trades if the combined trading volume of the ADR and other related ADRs occurring in the U.S. ADR market during the three month period preceding the selection of the ADR for options trading represents (on a share equivalent basis) at least 50% of the combined worldwide trading volume in the ADR and other related ADRs.

In its orders approving the 50% Test, the Commission concluded that the 50% Test helped to ensure that the relevant pricing market for the options on ADRs is the U.S. ADR market rather than the market where the security underlying the ADR trades. In such cases, the Commission found that the U.S. ADR market is the instrumental market for purposes of deterring and detecting potential manipulations or other abusive trading strategies in conjunction with transactions in the overlying ADR options market. Because the U.S. self-regulatory organizations which comprise the U.S. ADR market are members of the ISG, the Commission concluded that there exists an effective surveillance sharing arrangement to permit the exchanges and the NASD to adequately investigate any potential manipulations of the ADR options or their underlying securities.[17]

The Exchanges propose to modify the 50% Test to include in the U.S. ADR market volume calculation the trading volume in ADRs and other related securities that occurs in any market with which the applicable Exchange has in place a comprehensive/effective surveillance sharing agreement. The Commission believes that this proposed modification of the 50% Test is consistent with the Act and with the Commission's approach in the 1994 ADR Approval Orders because it will continue to ensure that the majority of world-wide trading volume in the ADR and other related ADRs and securities occurs in trading markets with which the applicable Exchange has in place a comprehensive/effective surveillance sharing agreement. The existence of such agreements should function as a deterrent in preventing manipulations or other abusive trading strategies and also provide an adequate mechanism for obtaining market and trading information from the ADR markets underlying the Exchanges' options. As a result, the Exchanges should continue to be able to adequately investigate any potential manipulations of ADR options or their underlying securities.

In addition, the Commission finds that the proposed Daily Trading Volume Standard is consistent with the Act and with the 1994 ADR Approval Orders. As noted above, the Daily Trading Volume Standard will allow the Exchanges to list options on an ADR if, over the three month period preceding the date of selection of the ADR for options trading (1) the combined trading volume of the ADR and other related ADRs and securities occurring in the U.S. ADR market, and in markets where the applicable Exchange has in place a comprehensive/effective surveillance agreement, represents (on a share equivalent basis) at least 20% of the combined world-wide trading volume in the ADR and other related ADRs and securities; (2) the average daily trading volume for the security in U.S. markets is 100,000 or more shares; and (3) the trading volume is at least 60,000 shares per day in U.S. markets on a majority of the trading days.

The Commission believes that these requirements present a reasonable

[11] Consistent with the proposed amendments to the listing standards, the Exchanges propose to modify the calculation of world-wide trading volume in the maintenance standards to include the trading of the ADR and other related ADRs and securities in markets with which the applicable Exchange has in place an effective surveillance sharing agreement.

[12] 15 U.S.C. § 78f(b)(5) (1988 & Supp. V 1993).

[13] *See* Securities Exchange Act Release Nos. 33555 (January 31, 1994), 59 FR 5619 (February 7, 1994) (order approving File No. SR–Amex–95–38); 33554 (January 31, 1994), 59 FR 5622 (February 7, 1994) (order approving File No. SR–CBOE–93–38); 33552 (January 31, 1994), 59 FR 5626 (February 7, 1994), (order approving File No. SR–NYSE–93–43); 33553 (January 31, 1994), 59 FR 5634 (February 7, 1994) (order approving File No. SR–PHLX–93–54); and 33551 (January 31, 1994), 59 FR 5631 (February 7, 1994) (order approving File No. SR–PSE–93–33) (''1994 ADR Approval Orders'').

[14] For example, if an investor wants to invest in ADRs but does not have sufficient cash available until a future date, he can purchase an ADR option now for less money and exercise the option to purchase the ADRs at a later date.

[15] *See e.g.*, Report of the Special Study of the Options Markets to the Securities and Exchange Commission, 96th Cong., 1st Sess. (Comm. Print No. 96–IFC3, December 22, 1978).

[16] Pursuant to Section 6(b)(5) of the Act, the Commission must predicate approval of any new securities product upon a finding that the introduction of such new product is in the public interest. Such a finding would be difficult for a derivative instrument that served no hedging or other economic function, because any benefits that might be derived by market participants likely would be outweighed by the potential for manipulation, diminished public confidence in the integrity of the market, and other valid regulatory concerns.

[17] *See* 1994 ADR Approval Orders, *supra* note 14.

alternative to the 50% Test by limiting the listing of options on ADRs to only those ADRs that have both (1) a significant amount of U.S. market trading volume and (2) a substantial (albeit not majority) volume of trading covered by a comprehensive/effective surveillance sharing agreement. This will ensure that, if a majority of trading volume in the ADR occurs in markets with a comprehensive/effective surveillance agreement, the U.S. ADR market is sufficiently active to serve as a relevant pricing market for the ADR.

Accordingly, the Daily Trading Volume Standard should help to ensure that the U.S. markets (and the markets with which the applicable Exchange has in place a comprehensive/effective surveillance sharing agreement) serve a significant role in the price discovery of the applicable ADR and are generally deep, liquid markets.

The Commission also believes that the proposed maintenance criteria (which will apply to an ADR option regardless of whether the option was listed under the 50% Test or the Daily Trading Volume Standard) will provide for continued trading of ADR options that have become established on an Exchange while ensuring that the U.S. markets (and the markets with which the applicable Exchange has in place a comprehensive/effective surveillance sharing agreement) remain a significant price discovery market for options on the ADRs.

The Commission also notes that the existing ADR option listing requirements related to the protection of investors will continue to apply. Specifically, the ADRs underlying the options must meet the Exchanges' uniform options listing standards, including initial and maintenance criteria, in all respects.[18] These criteria ensure, among other things, that the underlying ADRs will maintain adequate price and float to prevent the ADR options from being readily susceptible to manipulation.

In addition, the Exchanges are required to make a reasonable inquiry to evaluate foreign securities underlying the ADR options to ensure that these securities are generally consistent with the requirements set forth in each Exchange's options listing standards.[19] In the ADR Approval Orders, the Commission recognized that in some cases, an ADR underlying an option could meet the options listing standards while the foreign security on which the ADR is based may not meet those standards in every respect. For example, in the case of ADRs overlying certain foreign securities, one ADR could represent several shares of a specific stock. For this reason, it is possible that the price of the ADR will meet exchange listing standards even though the market price of the foreign security underlying the ADR may be less than the Exchange's standard. The Commission continues to believe, however, that requiring the Exchanges to review the foreign securities underlying the ADR options to ensure that they are generally consistent with the Exchanges' options listing standards, along with other market safeguards, will adequately protect investors from the possibility that the ADR options will be listed on illiquid or narrowly held securities.[20]

IV. Conclusion

The Commission notes that the Exchanges have not reported any problems associated with the trading of options on ADRs. Based on the Exchanges' experience trading ADR options, on the safeguards provided in the proposals, and on the requirement that ADR options comply with the Exchanges' uniform options listing standards, the Commission believes that the proposed amendments to the listing and maintenance standards for options on ADRs will allow the Exchanges to list options on widely followed ADRs while providing adequate mechanisms to ensure investor protection.

The Commission finds good cause for approving Amendment No. 1 to the CBOE's proposal and Amendment No. 1 to the PSE's proposal prior to the thirtieth day after the date of publication of notice of filing thereof in the Federal Register. CBOE Amendment No. 1 and PSE Amendment No. 1 strengthens the Exchange's proposals by providing a single maintenance standard that applies to ADR options listed under both the 50% Test and the Daily Trading Volume Standard. The Commission believes that it is reasonable for the Exchanges to apply this maintenance standard to ADR options listed under either the 50% Test or Daily Trading Volume Standard.

In addition, the Commission finds good cause for approving the proposals submitted by the Amex, the NYSE, the PSE, and the PHLX prior to the thirtieth day after the date of publication of notice of filing thereof in the Federal Register because their proposals are consistent with the CBOE's proposal, which, with the exception of Amendment No. 1, was subject to the full notice and comment period. As noted above, the Commission received no comment letters concerning the CBOE's proposal. Accordingly, the Commission finds that it is consistent with Sections 19(b)(2) and 6(b)(5) of the Act[21] to approve Amendment No. 1 to the CBOE's proposal, and the proposals submitted by the Amex, the NYSE, the PHLX, and the PSE, on an accelerated basis.

V. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning Amendment No. 1 to the CBOE's proposal and Amendment No. 1 to the PSE's proposal and concerning the proposals by the Amex, the NYSE, the PHLX, and the PSE. 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

[18] The Exchanges' initial listing standards require, among other things, that the ADRs underlying the Exchange-listed options are registered securities, have a ''float'' of 7,000,000 ADRs outstanding, 2,000 shareholders, trading volume of at least 2,400,000 over the prior twelve month period, and a minimum price of $7½ for a majority of the business days during the preceding three month period. The Exchanges' maintenance criteria require that the ADRs underlying Exchange-listed options maintain a ''float'' of 6,300,000 ADRs, 1,600 shareholders, trading volume of at least 1,800,000 over the prior twelve month period, and a minimum price of $5 on a majority of the business days during the preceding six month period.

[19] *See* Securities Exchange Act Release Nos. 31529 (November 27, 1992), 57 FR 57248 (December 3, 1992) (order approving File No. SR–Amex–91–26); 31531 (November 27, 1992), 57 FR 57250 (December 3, 1992) (order approving File No. SR–CBOE–91–34); 31528 (November 27, 1992), 57 FR 57256 (December 3, 1992) (order approving File No. SR–NYSE–92–25); 31532 (November 27, 1992), 57 FR 57264 (December 3, 1992) (order approving File No. SR–PHLX–91–40); and 31530 (November 27, 1992), 57 FR 57262 (December 3, 1992) (order approving File No. SR–PSE–91–33) (''ADR Approval Orders''). *See also* 1994 ADR Approval Orders, *supra* note 14.

[20] For example, the Commission would expect the exchanges to consider delisting an option on an ADR if the price and public float of the underlying security did not meet trading or size maintenance standards, or if the security underlying the ADR failed to meet other standards that raised manipulative concerns. *See* ADR Approval Orders, *supra* note 20.

[21] 15 U.S.C. 78s(b)(2) and 78f(b)(5) (1988).

copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to the file number in the caption above and should be submitted by November 27, 1995.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[22] that the proposed rule changes (File Nos. SR–Amex–95–41; SR–CBOE–95–32; SR–NYSE–95–30; SR–PHLX–95–65; and SR–PSE–95–21) are approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[23]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–27385 Filed 11–3–95; 8:45 am]

BILLING CODE 8010–01–M

[Release No. 34–36439; File No. SR–CBOE–95–56]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to Modifications of the Position and Exercise Limits for Narrow-Based Index Options

October 31, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on October 10, 1995, the Chicago Board Options Exchange, Inc. (''CBOE'' or ''Exchange'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is approving this proposal on an accelerated basis.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The CBOE proposes to amend CBOE Rules 24.4A, ''Position Limits for Industry Index Options,'' and 24.5, ''Exercise Limits,'' to increase the position and exercise limits[2] for narrow-based (or industry) index options from the current levels of 5,500, 7,500, or 10,500 contracts[3] to 6,000, 9,000, or 12,000 contracts. The Commission recently approved an identical proposal by the Philadelphia Stock Exchange, Inc. (''PHLX'').[4]

The text of the proposed rule change is available at the office of the Secretary, 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 self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in sections (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 CBOE proposes to amend CBOE Rules 24.4A and 24.5 to increase the position and exercise limits for narrow-based (or industry) index options from the current levels of 5,500, 7,500, or 10,500 contracts to 6,000, 9,000, or 12,000 contracts. The CBOE notes that the Commission recently approved an identical proposal by the PHLX.[5]

Currently, CBOE Rule 24.4A establishes 5,500, 7,500, and 10,500 contract levels as position limits for industry index options. The CBOE proposes to increase these limits to 6,000, 9,000, and 12,000 contracts, respectively. If the Commission approves the proposed increase in position limits for industry index options, the exercise limits set forth in CBOE Rule 24.5 for industry index options will increase correspondingly since they reference CBOE Rule 24.4A.

The CBOE trades options on the following narrow-based indexes, with limits as shown:

(1) S&P Banking Index—10,500 contracts;
(2) S&P Chemical Index—5,500 contracts;
(3) S&P Health Care Index—7,500 contracts;
(4) S&P Insurance Index—7,500 contracts;
(5) S&P Retail Index—5,500 contracts;
(6) S&P Transportation Index—7,500 contracts;
(7) CBOE Software Index—7,500 contracts;
(8) CBOE Environmental Index—7,500 contracts;
(9) CBOE Gaming Index—7,500 contracts;
(10) CBOE Global Telecommunications Index—10,500 contracts;
(11) CBOE Israel Index—7,500 contracts;
(12) CBOE Mexico Index—10,500 contracts;
(13) CBOE REIT Index—10,500 contracts;
(14) CBOE Telecommunications Index—10,500 contracts;
(15) CBOE Biotech Index—10,500 contracts;
(16) CBOE Latin 15 Index—10,500 contracts;
(17) CBOE High Technology Index—10,500 contracts.

The CBOE notes that the current levels have been in place since 1993.[6] The CBOE believes that the proposed limits of 6,000, 9,000, and 12,000 contracts will increase the depth and liquidity of the market for industry index options without causing any market disruption. The Exchange represents that it will continue to surveil for manipulation. In addition, the Exchange states that it has not opened any manipulation inquiries to date as a result of any increase in position and exercise limits.

The Exchange believes that the proposal to increase narrow-based index option position limits is consistent with Section 6 of the Act, in general, and, in particular, with Section 6(b)(5), in that it will allow investors to utilize industry index options more fully as part of their investment portfolios, provide uniform limits among the exchanges listing such options and increase the depth and

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[22] 15 U.S.C. § 78s(b)(2) (1982).

[23] 17 CFR 200.30–3(a)(12) (1994).

[1] 15 U.S.C. 78s(b)(1) (1988).

[2] Position limits impose a ceiling on the number of option contracts which an investor or group of investors acting in concert may hold or write in each class of options on the same side of the market (*i.e.*, aggregating long calls and short puts or long puts and short calls). Exercise limits prohibit an investor or group of investors acting in concert from exercising more than a specified number of puts or calls in a particular class within five consecutive business days.

[3] Under CBOE Rule 24.4A, the current position limits for industry index options are as follows: (1) 5,500 contracts if the CBOE determines in its semi-annual review that any single underlying stock accounted, on average, for 20% or more of the index value or that any five underlying stocks together accounted, on average, for more than 30% or more of the index value during the 30-day period immediately preceding the review; (2) 7,500 contracts if the Exchange determines in its semi-annual review that any single underlying stock accounted, on average, for more than 20% of the index value or that any five underlying stocks accounted, on average, for more than 50% of the index value, but that no single stock in the group accounted, on average, for 30% or more of the index value during the 30-day period immediately preceding the review; or (3) 10,500 contracts if the CBOE determines that the conditions requiring the establishment of a lower limit have not occurred.

[4] *See* Securities Exchange Act Release No. 36194 (September 6, 1995), 60 FR 47637 (September 13, 1995) (order approving File No. SR–PHLX–95–16) (''PHLX Approval Order'').

[5] *Id.*

[6] *See* Securities Exchange Act Release No. 33283 (December 3, 1993), 58 FR 65204 (December 13, 1993) (order approving File No. SR–CBOE–93–43).