

Commission relating to telemarketing practices and the rights of telephone consumers.

2. Statutory Basis

The CBOE believes that the proposed rule change is consistent with Section 6(b) of the Act in general, and with Section 6(b)(5) in particular,⁴ in that it proposes a rule that promotes just and equitable principles of trade, and that protects investors and the public interest.

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

The CBOE does not believe that 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 Other

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

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the publication of this notice in the Federal Register or within such other 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 CBOE consents, the Commission will:

A. By order approve the 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 at

the Commission's Public Reference Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of the CBOE. All submissions should refer to File No. SR-CBOE-95-63 and should be submitted by November 30, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 95-27824 Filed 11-8-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-36453; File No. SR-OCC-95-16]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change Relating to Customized Expiration Dates

November 2, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,¹ notice is hereby given that on September 11, 1995, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission the proposed rule change (File No. SR-OCC-95-16) as described in Items I and II below, which Items have been prepared primarily by OCC. On September 22, 1995, and on October 27, 1995, OCC filed amendments to the proposed rule change.² The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and to grant accelerated approval of the proposed rule change.

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

The proposed rule change seeks to amend OCC's by-laws and rules to accommodate the Philadelphia Stock Exchange's ("PHLX") proposal to permit market participants to select customized expiration dates for flexibly structured currency option contracts³ listed in

¹ 17 CFR 200.30-3(a)(12) (1994).

² 15 U.S.C. 78s(b)(1) (1988).

³ Letters from Jean M. Cawley, OCC, to Jerry W. Carpenter, Assistant Director, Division of Market Regulation, Commission (September 22, 1995, and October 27, 1995).

⁴ "Flexibly structured option" with respect to foreign currency options means a foreign currency option having an expiration date, an exercise price, or an exercise style that are customized within exchange specified limits by the parties to the transaction.

PHLX's customized currency options program.⁴

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, OCC 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. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.⁵

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

PHLX has proposed to add a new feature to its customized currency options program that will allow program participants to select any business day other than an exchange⁶ holiday for exchange designated holiday as an expiration date for flexibly structured currency option contracts. Any flexibly structured currency option contract with a customized expiration date ("customized expiration date currency option contracts") will expire at 9:15 A.M. Central Time on its expiration date.⁷ Under PHLX's proposal, trading in such contracts would cease at 8:00 A.M. Central Time on their expiration date. No new series of flexibly structured currency option contracts with a "same day" expiration date (*i.e.*, expiration on the date that the contract

⁴ For a description of PHLX's proposal, refer to Securities Exchange Act Release No. 36131, International Series Release No. 844 (August 22, 1995), 60 FR 44927 [File SR-PHLX-95-52] (notice of filing of proposed rule change by PHLX relating to customized expiration dates for customized foreign currency options).

⁵ The Commission has modified the text of the summaries submitted by OCC.

⁶ The term "exchange" is defined in Article I, section E. (4) of OCC's by-laws as a national securities exchange or a national securities association which has qualified for participation in OCC pursuant to the provisions of Article VII of OCC's by-laws.

⁷ According to PHLX's filing (SR-PHLX-95-52), customized option contracts with expiration dates corresponding to the expiration dates for non-customized option contracts (*i.e.*, option contracts customized in other respects but which expire on normal mid-month or end-of-month expiration dates) would not be treated as customized expiration date currency option contracts. Those contracts still would expire at 10:59 P.M. Central Time, the expiration time for all option contracts other than customized expiration date currency option contracts, even if a market participant intentionally or unintentionally designates such contracts as customized expiration date currency option contracts. *Supra*, note 3.

⁴ 15 U.S.C. 78f(b)(5) (1988).

is opened) may be opened, but trading in an existing series of customized expiration date currency option contracts will be permitted until 8:00 A.M. on their expiration date such that open positions in the contracts may be reduced or increased. In accordance with PHLX's filing,⁸ PHLX member organizations will be required to utilize a pro rata methodology for allocation of exercises of customized expiration date currency option contracts, which OCC has assigned to the PHLX member organizations. OCC is modifying its rules to require that clearing member procedures for allocating exercise assignments shall be made in accordance with the requirements set forth in exchange rules rather than on a first in, first out basis or on a random selection basis. Furthermore, OCC will assign to its clearing members any exercise instructions with respect to a short position in customized expiration date currency option contracts using a pro rata methodology rather than OCC's current random assignment procedures.⁹ PHLX believes that customized expiration dates will permit institutional market participants to hedge their exchange rate exposure more accurately than by trading a contract that expires on a date that PHLX has selected.

In order to accommodate these enhancements to PHLX's customized foreign currency options program, certain changes to OCC's by-laws, rules, and stated practices are necessary. In general, the proposed changes provide for the morning expiration of customized expiration date currency option contracts and pro rata procedures to be used for assigning exercises in connection with such option contracts. Position processing and exercise settlement of customized expiration date currency option contracts will occur using OCC's existing procedures.

Article I, Section I of OCC's by-laws will be amended to define the term "expiration time." Option contracts presently expire at 10:59 P.M. Central Time on their expiration date. The proposed definition of expiration time includes both that time and 9:15 A.M. Central Time which is the time that customized expiration date currency option contracts will expire on their expiration date. Conforming changes also are being made to Section 9 of Article VI; Section 3 of Articles XII, XIII, and XIV; and Section 2 of Articles XV, XVI, XVII, XX, XXII, and XXIII of OCC's By-Laws. OCC Rule 805 concerning

expiration date exercise procedures also is being amended to incorporate the newly defined term "expiration time."

The definition of "variable terms" in Section 1.V.(1) of Article I of OCC's by-laws is being amended to provide that with respect to an option contract, variable terms refers to the name of the underlying security, the exercise price, the expiration month of such option contract, and in the case of an option contract identified by an exchange as being an "any day" option contract the expiration date of such option contract.

The definition of "expiration date" in Section 1.E.(2) of Articles XV and XX of OCC's by-laws is being amended to accommodate customized expiration date currency option contracts. Under Section 1.E.(2), the expiration date for a customized expiration date currency option contract will be the date reported by OCC by an exchange pursuant to Section 7 of Article VI of OCC's by-laws and OCC Rule 401 with respect to any option contract identified by such exchange as an "any day" option contract. In addition, Section 1.E.(2) is being amended to delete references to Saturday as an expiration date for specific foreign currency and cross-rate foreign currency option contracts. These references are unnecessary because all foreign currency and cross-rate foreign currency contracts with a Saturday expiration date have expired.

OCC Rule 803 concerning the assignment of exercise notices to clearing members is being amended to eliminate the reference to the procedures of random selection as the means used by OCC to assign exercise notices to clearing members with open short positions in the series of option involved.¹⁰ The amended rule provides for the assignment of exercise notices in accordance with OCC procedures, which include the proposed pro rata method of assigning exercise notices for customized expiration date currency option contracts. Similar to the procedures for random assignment, the pro rata assignment procedures will be a stated policy, practice, or interpretation of proposed OCC Rule 803 and will not be set forth in Rule 803.

OCC Rule 804 concerning clearing members' procedures for allocating exercise assignments is being modified to provide that the allocation shall be

made in accordance with the requirements set forth in exchange rules. By referencing exchange rules, this change provides flexibility in that it will encompass the current allocation procedure of Rule 804, which currently provides that the allocation must be made on a first in, first out basis or on a random selection basis that is consistent with exchange rules, and it also will compass pro rata allocation or any other method prescribed by exchange rules.

OCC also is amending Rules 1603 and 2103 regarding expiration date exercise procedures to eliminate the distinction between Saturday and Friday expiration date exercise procedures. The proposed changes to OCC Rule 805 and the recent deletion of Rule 806,¹¹ as well as the expiration of all Saturday expiration date foreign currency option contracts, make the distinction unnecessary.¹² Accordingly, the reference to Saturday expiration in current paragraph (a) of Rules 1603 and 2103 is being deleted. The text of paragraph (a) is otherwise unchanged except for the deletion of its designation as paragraph (a) and the new designation of the subparagraphs thereunder. Paragraph (b) also is being deleted because it is no longer necessary.

In addition, OCC is amending Rules 1604 and 2104 to provide that an exercise settlement date with respect to foreign currency and cross-rate foreign currency option contracts ordinarily will be the fourth business day¹³ after the day an exercise notice is properly submitted to OCC. Prior to the amendment, Rules 1604 and 2104 provided that the exercise settlement date was the third foreign business day following the business day after the day on which an exercise notice was properly tendered to OCC pursuant to Rule 801. As a result, an exercise settlement date for such options could have occurred on a date that was not a business day in respect of OCC.

Furthermore, Rules 1604 and 2104 are being amended to enable OCC to establish a later settlement date to

¹¹ OCC Rule 806 was deleted because there no longer was a need for separate exercise processing procedures for options that expire on weekdays. Securities Exchange Act Release No. 36385 (October 18, 1995), 60 FR 54557 [File No. SR-OCC-95-10] (approving proposed rule change relating to the enhancement of Saturday expiration date processing procedures.)

¹² OCC will specify the cutoff times applicable to expiration date processing for foreign currency options in its Operations Manual. Those times will remain the same as those currently set forth in OCC Rule 1603(b).

¹³ Business day is defined in Article I.B.(2) of OCC's bylaws to be a day on which OCC is open for business for the purpose of conducting money settlement.

⁸ *Supra* note 4.

⁹ The pro rata assignment methodology is described in detail later in this approval order.

¹⁰ OCC Rule 803 currently refers to OCC's procedures of random selection for purposes of assigning exercise notices but does not describe those procedures. OCC's procedures for random assignment are considered to be a stated policy, practice, or interpretation with respect to OCC Rule 803, and a copy of those procedures is available from OCC on request.

accommodate bank holidays in any country where OCC is to receive or deliver currency or where a correspondent bank is located. OCC believes the authority to defer the settlement date is necessary because options are being listed on an increasing number of currencies for which market participants may customize an expiration date. This authority will give OCC the flexibility to ensure that its correspondent banks are open for business on an exercise settlement date and have a sufficient amount of time to act on instructions. The proposed amendments to Rules 1604 and 2104 also will require OCC to provide notice of such later exercise settlement date to its clearing members. OCC presently contemplates providing such notice through its electronic bulletin board, ONN, or C/MACS message.

In addition, OCC is amending the Interpretations and Policies sections to Rules 1604, 1605, 2104, and 2105 to provide that Sunday will not be included as a business day for purposes of determining the exercise settlement date for customized currency options because OCC's correspondent banks will not be open to effect settlement on Sunday.

Finally, the proposal provides for modifications to OCC's stated policies, practices, and interpretations to accommodate pro rata assignments of exercised customized expiration date currency option contracts. Under the proposal, OCC will assign exercise notices with respect to customized expiration date currency option contracts to clearing members with open short positions in the same series of options by use of a pro rata methodology rather than a random selection method.

Using the proposed pro rata methodology, OCC will assign short positions in an options series based on the ratio of exercised long contracts to total open interest in that options series. Specifically, under the pro rata methodology the number of short contract positions in a given series will be summed to determine the total open interest in that series. Then, the number of exercised long contracts within that series will be summed, and that total will be divided by the total open interest in order to determine the exercise percentage. The number of short contract positions in each clearing member account then will be multiplied by the exercise percentage to determine the pro rata assignment amount. Only whole contracts will be allocated in the first round; therefore, any resulting decimal amounts will be ignored in that round.

If all exercised contracts are assigned in the first round, no further allocation will be required. However, if all exercised contracts are not assigned in the first round, then an additional round will be necessary. The remaining contracts will be assigned one at a time in descending order from the short position with the largest decimal number to the short position with the smallest decimal number. In the event that two or more accounts have equal decimal numbers and there is an insufficient number of long exercised positions remaining to assign to such short positions, a random number will be used to determine which will be assigned.

PHLX requested that OCC employ the foregoing pro rata assignment methodology because PHLX believes that by using a pro rata assignment methodology OCC clearing members will be able to determine at the earliest possible time how many contracts in each short position will be assigned and therefore will be able to assess what market action to take to cover an assignment. Accordingly, OCC will inform clearing members of the exercise percentage as soon as practical in the processing cycle so that clearing members can calculate their own assignment amounts before actual assignment reports are available from OCC.

OCC believes the proposed rule change is consistent with the purposes and requirements of Section 17A of the Act¹⁴ because the proposal will facilitate the prompt and accurate clearance of customized expiration date currency option contracts.

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

OCC does not believe that the proposed rule change will impose any burden on competition.

(C) Self-Regulatory Organization's Statement on Comment on the Proposed Rule Change Received From Members, Participants or Others

No written comments have been solicited or received. OCC will notify the Commission of any written comments received by OCC.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Section 17A(b)(3) (F)¹⁵ of the Act requires the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of

securities transactions. The Commission believes the proposal is consistent with OCC's obligations under Section 17A(b)(3)(F) because it will facilitate the clearance and settlement of customized expiration date currency option contracts that will be traded at PHLX. OCC has observed that the over-the-counter market for foreign currency options has developed in part to meet the needs of market participants that require increased flexibility for the purpose of satisfying particular investment objectives. The clearance and settlement by OCC of customized expiration date currency option contracts will enhance investors' ability to tailor options transactions to meet their specific needs and at the same time have the benefit of having those transactions cleared and settled through the facilities of OCC instead of through broker-to-broker settlement.

OCC has requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of the filing. The Commission finds good cause for so approving the proposed rule change because the proposal should facilitate the prompt and accurate clearance and settlement of customized expiration date currency option contracts by ensuring that these contracts are covered by the relevant provisions of OCC by-laws, rules, and by the relevant OCC stated policies, practices, and interpretations when trading begins at the PHLX on November 6, 1995.

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, 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 in the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of OCC. All submissions should refer to File No. SR-OCC-95-16 and

¹⁴ 15 U.S.C. 78q-1 (1988).

¹⁵ 15 U.S.C. 78q-1(b)(3)(F)(1988).

should be submitted by November 30, 1995.

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act, particularly with Section 17A(b)(3)(F) of the Act, and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-OCC-95-16) be, and hereby is, approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁶

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-27825 Filed 11-8-95; 8:45 am]

BILLING CODE 8010-01-M

SMALL BUSINESS ADMINISTRATION

Notice of Closure of Receivership and Surrender of Licensee

Notice is hereby given that Beauhan Minority Investment Corporation ("BMIC"), has surrendered its License (No. 09/09-5193) to operate as a specialized small business investment company under the Small Business Investment Act of 1958, as amended. BMIC was licensed by the Small Business Administration on March 22, 1978.

Pursuant to a Final Order dated September 27, 1993, the receivership was terminated. The surrender of the license was accepted on September 27, 1993, and accordingly, all rights, privileges, and franchises derived therefrom have been terminated.

(Catalog of Federal Domestic Assistance Program No. 59.011, Small Business Investment Companies)

Dated: October 31, 1995.

Don A. Christensen,

Associate Administrator for Investment.

[FR Doc. 95-27852 Filed 11-8-95; 8:45 am]

BILLING CODE 8025-01-M

Notice of Closure of Receivership and Surrender of Licensee

Notice is hereby given that Bow Lane Capital Corporation ("Bow Lane"), has surrendered its License (No. 06/06-0227) to operate as a small business investment company under the Small Business Investment Act of 1958, as amended. Bow Lane was licensed by the Small Business Administration on August 4, 1980.

Pursuant to a Final Order dated April 7, 1995, the receivership was terminated. The surrender of the license was accepted on April 7, 1995, and accordingly, all rights, privileges, and franchises derived therefrom have been terminated.

(Catalog of Federal Domestic Assistance Program No. 59.011, Small Business Investment Companies)

Dated: October 31, 1995.

Don A. Christensen,

Associate Administrator for Investment.

[FR Doc. 95-27853 Filed 11-8-95; 8:45 am]

BILLING CODE 8025-01-M

Notice of Closure of Receivership and Surrender of Licensee

Notice is hereby given that Business Equity and Development Corporation ("BEDC"), has surrendered its License (No. 09/12-5151) to operate as a specialized small business investment company under the Small Business Investment Act of 1958, as amended. BEDC was licensed by the Small Business Administration on March 19, 1970.

Pursuant to a Final Order dated April 23, 1993, the receivership was terminated. The surrender of the license was accepted on April 23, 1993, and accordingly, all rights, privileges, and franchises derived therefrom have been terminated.

(Catalog of Federal Domestic Assistance Program No. 59.011, Small Business Investment Companies)

Dated: October 31, 1995.

Don A. Christensen,

Associate Administrator for Investment.

[FR Doc. 95-27839 Filed 11-8-95; 8:45 am]

BILLING CODE 8025-01-M

Notice of Closure of Receivership and Surrender of Licensee

Notice is hereby given that Canaveral Capital Corporation ("Canaveral"), has surrendered its License (No. 02/05-0068) to operate as a small business investment company under the Small Business Investment Act of 1958, as amended. Canaveral was licensed by the Small Business Administration in 1962.

Pursuant to a Final Order dated August 18, 1993, the receivership was terminated. The surrender of the license was accepted on August 18, 1993, and accordingly, all rights, privileges, and franchises derived therefrom have been terminated.

(Catalog of Federal Domestic Assistance Program No. 59.011, Small Business Investment Companies)

Dated: October 31, 1995.

Don A. Christensen,

Associate Administrator for Investment.

[FR Doc. 95-27840 Filed 11-8-95; 8:45 am]

BILLING CODE 8025-01-M

Notice of Closure of Receivership and Surrender of Licensee

Notice is hereby given that Cornell Capital Corporation ("Cornell"), has surrendered its License (No. 02/02-0390) to operate as a small business investment company under the Small Business Investment Act of 1958, as amended. Cornell was licensed by the Small Business Administration on July 18, 1980.

Pursuant to a Final Order dated August 19, 1993, the receivership was terminated. The surrender of the license was accepted on August 19, 1993, and accordingly, all rights, privileges, and franchises derived therefrom have been terminated.

(Catalog of Federal Domestic Assistance Program No. 59.011, Small Business Investment Companies)

Dated: October 31, 1995.

Don A. Christensen,

Associate Administrator for Investment.

[FR Doc. 95-27854 Filed 11-8-95; 8:45 am]

BILLING CODE 8025-01-M

Notice of Closure of Receivership and Surrender of Licensee

Notice is hereby given that Feyca Investment Company, Inc. ("FEYCA"), has surrendered its License (No. 04/04-5148) to operate as a specialized small business investment company under the Small Business Investment Act of 1958, as amended. Feyca was licensed by the Small Business Administration in 1979.

Pursuant to a Final Order dated July 30, 1993, the receivership was terminated. The surrender of the license was accepted on July 30, 1993, and accordingly, all rights, privileges, and franchises derived therefrom have been terminated.

(Catalog of Federal Domestic Assistance Program No. 59.011, Small Business Investment Companies)

Dated: October 31, 1995.

Don A. Christensen,

Associate Administrator for Investment.

[FR Doc. 95-27841 Filed 11-8-95; 8:45 am]

BILLING CODE 8025-01-M

Notice of Closure of Receivership and Surrender of Licensee

Notice is hereby given that First Southern Capital Corporation,

¹⁶ 17 CFR 200.30-3(a)(12) (1994).