

SROs in the U.S. impose direct examinations fees.⁸ For the above reasons, therefore, the CHX is proposing such a fee for those organizations for which it serves as DEA, with certain exceptions. The proposed examinations fee would apply primarily to those members and member organizations that do not execute trades on the CHX.

In order to fairly allocate the proposed examinations fee, the Exchange has determined to exempt those members and member organizations that actively trade on the Exchange, thereby counterbalancing examination costs with transaction fees. Organizations that for any month incur transaction or clearing fees charged directly to them by the Exchange or by its registered clearing subsidiary would be exempt from the fee, provided that the fees exceed the examinations fee for that month. Inactive organizations would be exempt because examinations are not customarily conducted for such organizations. Compliance with the inactive status will be determined by gross securities-related transaction revenues reported on the organization's most recent annual FOCUS report. In addition, the organization must continue to lack such revenues, as determined monthly, in order to be exempt from the examinations fee.

Similarly, a member or member organization that is wholly owned by, controlled by, or under common control with an organization operating from the CHX trading floor or generating counterbalancing CHX transaction or clearing fees would be exempt from this fee, because the affiliated organization is generating transaction or clearing fees to help offset examination costs.

Finally, the CHX proposes to institute an additional fee because it feels that it is appropriate to charge its members and member organizations its costs in providing the Rule Book, as printed by CCH, Inc., to members. Members are obligated to be familiar with the CHX rules and should bear this cost directly. Currently, the CHX bears this cost.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act⁹ in general and furthers the objectives of Section 6(b)(4)¹⁰ in particular in that it

⁸The Chicago Board Options Exchange imposes a fee equal to \$0.40 per \$1,000 in gross revenues. Other exchanges similarly impose revenue-based examinations fees. In addition, the Philadelphia Stock Exchange recently adopted a \$1,000 examination fee that is substantially the same as the one proposed here. See Securities Exchange Act Release No. 35091 (Dec. 12, 1994), 59 FR 65558 (approving File No. SR-Phlx-94-66).

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(4).

provides for the equitable allocation of reasonable dues, fees, and other charges among the Exchange's members and other persons using its facilities. The Exchange believes that the proposed examinations fee of \$1,000 per month is reasonable in view of the Exchange's costs in conducting examinations of non-CHX-trading organizations, especially in terms of staff time.

The Exchange also believes that structuring the fee to exempt organizations that transact business on the Exchange represents an equitable allocation of the Exchange's examination costs among members by focusing on those member organizations that generally do not otherwise continually contribute to compensating for, and usually, in fact, increase Exchange examination costs.

Finally, the Exchange also believes that the proposed fee for providing its members and member organizations with a Rule Book is reasonable in that it will be applied equally to members and member organizations that utilize the CHX's service of providing a Rule Book to members.

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

The Exchange believes the proposed rule change imposes no burden on competition.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

The foregoing rule change constitutes or changes a due, fee, or other charge imposed by the Exchange and, therefore, has become effective pursuant to Section 19(b)(3)(A) of the Act¹¹ and subparagraph (e) of Rule 19b-4 thereunder.¹²

At any time within sixty days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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 CHX. All submissions should refer to File No. SR-CHX-96-08 and should be submitted by March 28, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹³

Jonathan G. Katz,

Secretary.

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[Release No. 34-36911; File No. SR-CHX-96-07]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Stock Exchange, Incorporated Relating to the Posting of Sales and Transfers of Memberships

February 29, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on February 7, 1996, the Chicago Stock Exchange, Incorporated ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4.

¹³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

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

The Exchange proposes to amend Rule 5(c), Rule 12, Rule 13 and interpretation and policy .01 of Rule 10 of Article I of the Exchange's Rules, all of which relate, directly or indirectly, to the time period of posting proposed sales or transfers of memberships. The Exchange also proposes to amend Rule 6 of Article I. Among other matters, Rule 6 provides a period during which an applicant for membership may file a written response to an objection to such applicant's election to membership.

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

1. Purpose

Currently, before an application for membership on the Exchange is approved, Rule 5(c) of Article I of the Exchange's Rules requires that the name of the applicant, the name of the member or member organization from which the membership is to be transferred and the sponsor's names must be posted on the bulletin board on the Floor of the Exchange for fifteen days and notice of posting mailed to all members. This fifteen day notice period, however, sometimes expires on a Saturday or Sunday. The purpose of the proposed rule change is to change this posting requirement to ten business days to ensure that the notice period expires on a day when the Exchange is open for business. Conforming changes are also being made to interpretation and policy .01 of Rule 10, and Rules 12 and 13.²

² Interpretation and policy .01 of Rule 10 provides that all contracts for the sale of a membership must remain in force during the fifteen day posting period. Rule 12 generally prohibits a transferring member or member organization from entering into any contract on the Exchange for settlement after the fifteen day posting period. Rule 13 generally

Similarly, Rule 6 of Article I currently provides that during the posting period any member may file an objection to the election of the applicant to membership, that the applicant shall be sent a statement of reasons for such objection, and may file a written response within fifteen days of the receipt thereof. The proposed rule change would change the response period to ten business days.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act³ in general and furthers the objectives of Section 6(b)(5)⁴ of the Act in that it is designed to promote just and equitable principles of trade, to remove impediments and to perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

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

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

Because the foregoing proposed rule change: (1) does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; (3) does not become operative for 30 days from February 7, 1996, the date on which it was filed, and the Exchange provided the Commission with written notice of its intent to file the proposed rule change at least five business days prior to the filing date, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(e)(6) thereunder.⁵

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate

requires all open Exchange contracts of a transferring member or member organization to mature on the full business day preceding the expiration of the fifteen day posting period. The proposed rule change would change the operative period in each of the above rules from fifteen days to ten business days.

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(5).

⁵ 17 CFR 240.19b-4(e)(6) (1994).

such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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 Chicago Stock Exchange, Incorporated. All submissions should refer to File No. SR-CHX-96-07 and should be submitted by March 28, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁶

Jonathan G. Katz,
Secretary.

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SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster Loan Area #2838]

Idaho; Declaration of Disaster Loan Area

As a result of the President's major disaster declaration on February 11, 1996, and an amendment thereto on February 13, I find that Behwah, Bonner, Boundary, Clearwater, Idaho, Kootenai, Lewis, Nez Perce, and Shoshone Counties and the Nez Perce Indian Reservation in the State of Idaho constitute a disaster area due to damages caused by severe storms and flooding beginning on February 6, 1996 and continuing. Applications for loans for physical damages resulting from this disaster may be filed until the close of

⁶ 17 CFR 200.30-3(a)(12).