

values of Index futures traded on the CME. This, in turn, should help to ensure that the Index options traded on the CBOE will serve as an effective mechanism for hedging investments in Nasdaq-100 futures and vice versa.

As described above, existing options series using the old settlement methodology will be phased-out over time. Accordingly, no new expiration months will be added to the Nasdaq-100 Index options class with the old exercise settlement value methodology and this class of options will cease to exist after September 1996 expiration. In addition, by issuing a regulatory circular to its membership concerning the change in settlement methodology for Nasdaq-100 options, which will include a schedule that details when the new series with the new settlement methodology will begin trading and when the outstanding series with the old settlement methodology will expire, investor confusion should be avoided. Lastly, the Commission believes that the VWP settlement methodology may reduce the susceptibility of the Index to manipulation by diminishing the impact of a single trade on the settlement price.

The Commission finds good cause to approve the proposal, including Amendment No. 1, prior to the thirtieth day after the date of publication of notice of filing thereof in the Federal Register. By accelerating the effectiveness of the CBOE's rule proposal, thereby matching the trading timetable of the Nasdaq-100 futures on the CME, the Commission will ensure that market participants will be able to utilize similar settlement methodologies for both futures and options. In addition, the Commission believes that the proposed settlement method does not present any new or novel regulatory issues as the Commission has previously approved a settlement method utilizing average weighted prices.⁷ Accordingly, the Commission believes that it is consistent with Sections 6(b)(5) and 19(b)(2) of the Act to approve the proposed rule change, including Amendment No. 1, on an accelerated basis.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2)⁸ of the Act, that the proposed rule change (File No. SR-CBOE-96-12), as amended, is hereby approved on an accelerated basis.

⁷ See Securities Exchange Act Release No. 32120 (April 9, 1993), 58 FR 19864 (April 16, 1993) (approval order for the Financial Times-Stock Exchange 100 Index) (File No. SR-CBOE-92-34).

⁸ 15 U.S.C. § 78s(b)(2) (1988).

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-9302 Filed 4-15-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37088; File No. SR-NASD-96-06]

Self-Regulatory Organizations; Order Approving Proposed Rule Change by National Association of Securities Dealers, Inc., Relating to Issuer Hearing Fees

April 9, 1996.

On February 22, 1996, the National Association of Securities Dealers, Inc. ("NASD" or "Association") filed a proposed rule change 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 The proposed rule change increases the hearing fees for issuers seeking continued or initial inclusion on The Nasdaq Stock Market.

Notice of the proposed rule change, together with the substance of the proposal as initially filed, was provided by issuance of a Commission release (Securities Exchange Act Release No. 36900, February 28, 1996) and by publication in the Federal Register (61 FR 8996, March 6, 1996). No comment letters were received. This order approves the proposed rule change.

Parts II and III of Schedule D to the NASD By-Laws set forth the requirements applicable to issuers for initial and continued inclusion in The Nasdaq Stock Market. Pursuant to Article IX of the NASD Code of Procedure, issuers may apply for an exception to these requirements, which shall be considered by a hearing panel designated by the Board of Governors. Part IV of Schedule D to the NASD By-Laws sets forth the applicable fees for an issuer's application for an exception.³ These fees are being increased from \$500 to \$1,400 for written applications and from \$1,000 to \$2,300 for oral applications.

The costs associated with the hearing process include fixed costs for all

⁹ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. § 78s(b)(1).

² CFR 240.19b-4.

³ Pursuant to a new rule numbering system for the NASD Manual that the NASD anticipates to put into effect no later than May 1, 1996, this rule will become Rule 4530. See Exchange Act Release No. 36698 (January 11, 1996), 61 FR 1419 (January 19, 1996), order approving the new rule numbering system.

applications and additional variable costs for oral hearing applications. The NASD states that the increased fees relate directly to these costs and reflect the recovery of the fixed costs evenly across all hearing applicants and the recovery of the additional variable costs only from oral hearing applicants.

The Commission finds that the proposed rule change is consistent with the provisions of Section 15A(b)(5) of the Act⁴ because the fees are an equitable allocation of the costs of providing a forum for issuers seeking to maintain or establish inclusion in The Nasdaq Stock Market. The fees are designed to be revenue neutral and directly offset the costs associated with providing an issuer with the type of hearing requested.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that File No. SR-NASD-96-06 be, and hereby is, approved.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-9303 Filed 4-15-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37090; File No. SR-CBOE-96-05]

Self-Regulatory Organizations; Order Granting Approval to Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to Limitation of Liability of Index Reporting Authorities

April 9, 1996.

I. Introduction

On February 7, 1996, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") submitted to the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to amend Exchange Rule 24.14, which provides for disclaimers of liability on behalf of designated index reporting authorities.

The proposed rule change appeared in the Federal Register on March 5, 1996.³ No comments were received on the

⁴ 15 U.S.C. § 78o-3.

⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1) (1988).

² 17 CFR 240.19b-4 (1994).

³ See Securities Exchange Act Release No. 36896 (February 27, 1996), 61 FR 8698 (March 5, 1996).