

examination dealing with U.S. securities laws, regulations, sales practices and special products drawn from the standard Series 7 examination.

The Series 37 version is for Canadian registrants who have successfully completed the basic core module of the Canadian Securities Institute program. The Series 38 version is for Canadian registrants who, in addition to having successfully completed the basic core module of the Canadian Securities Institute program, have also successfully completed the Canadian options and futures program. Although the Canadian exam modules contain some overlap with the Series 7, the Series 37 and Series 38 cover only subject matter that is not covered, or not covered in sufficient detail, on the Canadian qualification examination. The Series 37 has 90 questions and is 150 minutes in duration, while the Series 38, an abbreviated version of the Series 37, has only 45 questions and is 75 minutes in duration.⁴

The Series 47 version is for Japanese registrants in good standing with Japanese securities authorities, and is designed to test a Japanese registered representative's knowledge of U.S. securities laws, markets, investment products and sales practices. It contains 160 questions and is 240 minutes long.

(2) Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act in general and furthers the objectives of Section 6(b)(3)(B) in particular in that it establishes standards of training, experience and competence for persons associated with Exchange members and member organizations. The foreign examination modules should provide comprehensive coverage of the topics contained in the Series 7 that are not adequately covered by the applicable foreign qualification examination. The proposal is also consistent with Section 6(b)(5) in that it is designed to perfect the mechanism of a free and open market by reducing duplicative qualification requirements while ensuring that foreign representatives seeking to become registered with the Exchange are fully qualified.

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

The proposed rule change will impose no burden on competition.

⁴Forty-five questions pertaining to options are included in the Series 37 but omitted from the Series 38.

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

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

The Exchange has asserted, and the Commission agrees, that the proposed rule change (i) will not significantly affect the protection of investors or the public interest, (ii) will not impose any significant burden on competition, and (iii) will not become operative for 30 days after the date of this filing. For the foregoing reasons and because the Exchange provided at least five business days notice to the Commission of its intent to file this proposed rule change, the rule filing will become operative as a "non-controversial" rule change under Section 19(b)(3)(A) of the Act and Rule 19b-4(e)(6) thereunder.

At any time within 60 days of this filing, the Commission may summarily abrogate this proposal 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, 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 Room in Washington, D.C. Copies of such filing will also be available for inspection and copying at the principal office of the Amex. All submissions should refer to file number SR-AMEX-97-26 and should be submitted by September 8, 1997.

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

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38922; File No. SR-CSE-97-07]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by The Cincinnati Stock Exchange, Inc. Relating to Minor Rule Plan Violations

August 11, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4² thereunder, notice is hereby given that on August 5, 1997, The Cincinnati Stock Exchange, Incorporated ("CSE" or "Exchange") 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 Exchange.³ The Commission is 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 CSE hereby proposes to amend Exchange Rule 8.14 to expand its Minor Rule Violation Program. The text of the proposed rule change is below. Additions are italicized.

The Cincinnati Stock Exchange, Incorporated

Rule 8.14 Imposition of Fines for Minor Violation(s) of Rules

No Change.

Interpretations and Policies

.01 List of Exchange Rule Violations and Fines Applicable thereto Pursuant to Rule 8.14:

(a)-(d) No Change.

⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. § 78s(b)(1) (1998).

² 17 CFR 240.19b-4 (1991).

³ This proposed rule change was originally filed on June 24, 1997. The CSE subsequently submitted Amendment No. 1 which altered minor technical language in Item II. Letter from Adam W. Gurwitz, Vice President Legal and Secretary, CSE, to Karl J. Varner, Esq., SEC, dated August 4, 1997. This proposed rule change replaces SR-CSE-97-06, which has been withdrawn. Letter from Adam W. Gurwitz, Vice President Legal and Secretary, CSE, to Katherine England, Assistant Director, SEC, dated June 23, 1997.

(e) *Rule 4.2 and Interpretations thereunder related to the requirement to furnish Exchange-related order, market and transaction data, as well as financial or regulatory records and information.*

(f) *Rule 11.9(c) related to the requirement to comply with quotation policies.*

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 CSE 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 CSE has prepared summaries, set forth in sections A, B and C below, of the most significant parts of such statements.

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

(1) Purpose

The purpose of the proposed rule change is to enhance the Exchange's Minor Rule Violation Program. Exchange Rule 8.14 provides for an alternative disciplinary regime involving violations of Exchange Rules that the Exchange determines are of a minor nature. The Minor Rule Violation Program provides the Exchange with the ability, but not the obligation, to address minor rule violations by imposing a fine, not to exceed \$2500, on any member that the Exchange determines has violated such rule. Adding a particular rule violation to the Minor Rule Violation Program in no way circumscribes the Exchange's ability to treat violations of those rules through more formal disciplinary measures. The Minor Rule Violation Program simply provides the Exchange with greater flexibility in addressing rule violations appropriately. Section (e) of Rule 8.14 requires the Exchange from time to time to prepare a list of minor rule violations.

As part of its ongoing effort to improve its regulatory program, the Exchange has determined that certain rule violations should be added to the Minor Rule Violation Program. The Minor Rule Violation Program currently includes the requirements of Exchange Rules 4.1 and 4.2, concerning books and records, to submit trade data to the Exchange. The Exchange intends to clarify that a member must also provide financial and regulatory records in

accordance with Rule 4.2 and Interpretation thereunder as well as trade-related information.

Similarly, the proposed rule change will include quotation policies set by the Exchange's Securities and Market Performance Committee and delineated by Regulatory Circular. Exchange Rule 11.9(c) requires Designated Dealers, the Exchange's multiple, competing specialists, to maintain continuous quotations throughout the trading day. Including these quotation requirements in the Minor Rule Violation Program will help the Exchange ensure compliance with its quotation requirements and spread parameters because the Exchange will have adequate regulatory flexibility in dealing with potential violations. This, in turn, will enhance the value of quotations made by the Exchange's multiple, competing specialists.

(2) Basis

The proposed rule change is consistent with Section 6(b) of the Act in general, and furthers the objectives of Section 6(b)(5) in particular in that it is designed to promote just and equitable principles of trade and to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Specifically, the proposed rule change will augment the Exchange's ability to police its market and will increase the Exchange's flexibility in responding to minor rule violations. The Exchange will be able to address appropriate minor rule violations promptly and efficiently through the minor rule procedures, without the need to initiate formal disciplinary proceedings.

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

The CSE 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 Others

No comments were solicited in connection with the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change 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 reason for so finding or (ii) as to which the Exchange consents, the Commission will:

- (A) by order approve such 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. People 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 Room. Copies of the filing will also be available for inspection and copying at the CSE's principal offices. All submissions should refer to File No. SR-CSE-97-07 and should be submitted by September 8, 1997.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁴

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38923; File No. SR-OCC-97-09]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of a Proposed Rule Change Seeking To Amend the Valuation Rate Applied to Equity Securities and Corporate Debt Deposited as Margin Collateral

August 11, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on May 21, 1997, The Options Clearing Corporation ("OCC") filed with the

⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).