

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 Room. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-NYSE-97-26 and should be submitted by November 19, 1997.

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

The Commission finds that the NYSE's proposed rule change is consistent with the requirements of Section 6(b) of the Act and the rules and regulations thereunder applicable to a national securities exchange. Specifically, the Commission finds that the proposed rule change is consistent with Section 6(b)(4) of the Act³ which provides that an exchange have rules that provide for the equitable allocation of reasonable dues, fees and other charges among its members and other persons using its facilities.⁴ The Commission believes that the proposed rule change to amend the definition of short-term security, for purposes of listing fees only, is reasonable because it could help benefit issuers and investors by reducing listing fees on certain short-term products. The Commission notes that the NYSE has represented that this proposed change would not effect any other NYSE rules.⁵

The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register**. The Commission believes that accelerated approval of the proposal is appropriate because it will provide benefits to investors in an expedited way. Further, the Commission believes that the proposed rule change does not raise any new regulatory issues.

³ 15 U.S.C. 78f(b)(4).

⁴ In approving this rule, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁵ Telephone conversation between Vincent A. Patten, Assistant Vice President, NYSE, and Heather Seidel, Attorney, Market Regulation, Commission, on October 7, 1997.

It is therefore ordered, pursuant to Section 19(b)(2)⁶ that the proposed rule change is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39262; File No. SR-NYSE-97-29]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by New York Stock Exchange, Inc., Relating to Subsequent Listing Applications

October 21, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on October 17, 1997, the New York Stock Exchange, Inc. ("NYSE" or the "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 NYSE. 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 NYSE is proposing to amend the form of listing application for companies seeking, among other things, to list additional securities on the Exchange or seeking to make changes in securities already listed. The proposed rule change will change the format of the listing application into that of a memorandum and will remove from the application information not necessary for the Exchange to review in analyzing the transaction and authorizing the listing.

The text of the proposed rule change is available at the Office of the Secretary, NYSE, and at the Commission.

⁶ 15 U.S.C. 78s(b)(2).

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

In this filing with the Commission, the NYSE 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 NYSE 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

Under Section 7, ¶ 703.01 of the Listed Company Manual, NYSE-listed companies must apply for Exchange approval to list additional securities (such as additional shares of common stock the company may be issuing), to make changes in a listed security (such as with respect to a company's name change or change in state of incorporations), or to list securities that could be issued upon conversion of other securities. These subsequent listing applications generally are routine in nature. In 1995 and 1996, the Exchange authorized over 1805 and 2160 subsequent listing applications, respectively.

The NYSE believes that the current listing application format, as provided in Section 9, ¶ 903.02 of the Listed Company Manual, is cumbersome and requires companies to provide information beyond that necessary for the Exchange to analyze the transaction and authorize the listing of the securities. This proposed rule change would simplify the application process by changing the form of the application to a "memorandum format" and removing the requirement to provide information beyond that necessary to analyze the transaction and authorize the listing. Companies still would be required to submit all relevant supporting documents, such as a Commission registration statement and an opinion of counsel.

2. Basis

The Exchange believes that the basis under the Act for the proposed rule change is the requirement under Section 6(b)(5)³ that an exchange have rules that are designed to prevent fraudulent and

³ 15 U.S.C. 78f(b)(5).

manipulative acts and practices, to promote just and equitable principles of trade, 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.

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

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

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

Because the foregoing 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 the date of its filing; and (4) the Exchange provided the Commission with notice of its intent to file the proposed rule change at least five days prior to the filing date, the proposed rule change has become effective pursuant to Section 19(b)(3)(A)⁴ of the Act and Rule 19b-4(e)(6)⁵ thereunder. At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it appears to 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 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filings will also be available for inspection and copying at the principal office of the NYSE. All submissions should refer to the File No. SR-NYSE-97-29 and should be submitted by November 19, 1997.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39265; File No. SR-PCX-97-22]

Self-Regulatory Organizations; Pacific Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to the Trading of FLEX Index Options and LEAPS on the Dow Jones & Co. Taiwan Index

October 22, 1997

I. Introduction

On June 9, 1997, the Pacific Exchange, Inc. ("PCX" or "Exchange") submitted to 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 proposed rule change to amend its rules to allow the trading of Flexible Exchange Options ("FLEX Options") and long-term index option series ("LEAPS") on the Dow Jones & Co. Taiwan Index ("Taiwan Index" or "Index").³

The proposed rule change was published for comment in the **Federal Register** on August 18, 1997.⁴ No comments were received on the proposal. This order approves the proposal.

⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Commission previously approved the trading of standardized cash-settled, European-style stock index options on the Taiwan Index on December 23, 1996. See Securities Exchange Act Release No. 38081, 62 FR 138 (January 2, 1997) (order approving File No. SR-PSE-96-40). The Taiwan Index is a broad-based index, comprised of 113 representative stocks traded on the Taiwan Stock Exchange.

⁴ See Securities Exchange Act Release No. 38920 (August 11, 1997), 62 FR 44027.

II. Description of the Proposal

The Commission previously approved the Exchange's proposal to allow trading in FLEX Options on the Wilshire Small Cap and PSE Technology Indexes.⁵ FLEX Options give investors the ability, within specified limits, to designate certain of the terms of the options. In recent years, an over-the-counter ("OTC") market in customized options has developed which permits participants to designate the basis terms of the options, including size, term to expiration, exercise style, exercise price, and exercise settlement value, in order to meet their individual investment needs. Participants in the OTC market are typically institutional investors, who buy and sell options in large-size transactions through a relatively small number of securities dealers. To compete with this growing OTC market in customized options, the PCX permits FLEX index options trading with the Options Clearing Corporation ("OCC") as issuer and guarantor.⁶

The PCX now proposed to amend its Rules 8.100 and 8.1027 to permit the trading of FLEX Options based on the same Dow Jones & Co. Taiwan Index previously approved for standardized non-Flex options trading.⁸ The PCX's proposal will allow FLEX Option market participants to designate the following contract terms for FLEX Options on the Taiwan Index: (1) exercise price; (2) exercise style (*i.e.*, American,⁹ European,¹⁰ or capped¹¹);

⁵ See Securities Act Release No. 34364 (July 13, 1994), 59 FR 36813 (July 19, 1994) (order approving File No. SR-PSE-93-13) ("Wilshire/PSE Technology Order").

⁶ The Commission has previously designated FLEX Index Options as standardized options for the purposes of the options disclosure framework established under Rule 9b-1 of the Act. See Securities Exchange Act Release No. 31910 (February 23, 1993), 58 FR 12056 (March 2, 1993). In addition, the Commission has approved the listing by the PCX of FLEX Index Options on the Wilshire Small Cap and PSE Technology Indexes. See Wilshire/PSE Technology Order, *supra* note 5.

⁷ These rules currently allow the Exchange to trade FLEX Index Options on the Wilshire Small Cap Index and the PSE Technology Index. The PCX has proposed to set position and exercise limits for FLEX options on the Index at 200,000 contracts, as set forth in PCX Rule 8.107. This is the same FLEX position and exercise limits established for the Wilshire Small Cap and PSE Technology Indexes.

⁸ See *supra* note 3.

⁹ An American-style option is one that may be exercised at any time on or before the expiration date.

¹⁰ A European-style option is one that may be exercised only during a limited period of time prior to expiration of the option.

¹¹ A capped-style index option is one that is automatically exercised prior to expiration when the cap index value is less than or equal to the index value for calls or when the cap index value is greater than or equal to the index value for puts.

⁴ 15 U.S.C. 78s(b)(3)(A).

⁵ 17 CFR 240.19b-4(e)(6).