

change is consistent with the Act. 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 Room, 450 Fifth Street, NW., Washington, DC 20549. 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-BSE-98-11 and should be submitted by February 2, 1999.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-596 Filed 1-11-99; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40879; File No. SR-BSE-98-13]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Boston Stock Exchange, Inc. Relating to Portfolio Depositary Receipts

January 4, 1999.

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 December 8, 1998, the Boston Stock Exchange, Inc. ("BSE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the BSE.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 BSE seeks to amend section 5 of Chapter XXIV of its rules regarding Portfolio Depositary Receipts to insert trademark information concerning Standard & Poor's products. The text of the proposed rule change is available at the Office of the Secretary, the BSE and at the Commission.

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 BSE 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 BSE 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

The purpose of the proposed rule change is to amend Section 5 of Chapter XXIV of BSE rules regarding Portfolio Depositary Receipts to insert a footnote regarding Standard & Poor's standard trademark information and the Exchange's right to limited use of those marks pursuant to a license agreement with Standard & Poor's.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with section 6(b)⁴ of the Act, in general, and furthers the objectives of section 6(b)(5),⁵ in particular, in that it is designed to promote just and equitable principles of trade; to foster cooperation and coordination with persons engaged in regulating, clearing, settling, and processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

of Market Regulation, Commission, dated December 18, 1998.

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(5).

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

The BSE does not believe that the proposed rule change will 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

No written comments were either solicited or received 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; and (3) does not become operative for 30 days from December 8, 1998, the date on which it was filed, the proposed rule change has become effective pursuant to section 19(b)(3)(A) of the Act⁶ and subparagraph (e)(6) of Rule 19b-4 thereunder.⁷ Although Rule 19b-4(e)(6) requires that an Exchange submit a notice of its intent to file at least five days prior to the filing date, the Commission waived this period for the proposed rule change at the Exchange's request.

At any time within 60 days of the filing of the 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, including whether the proposed rule change is consistent with the Act. 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

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ 17 CFR 240.19b-4(e)(6).

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The BSE submitted Amendment No. 1 to the proposed rule change, which made certain non-substantive textual changes and redesignated the proposal as immediately effective pursuant to section 19(b)(3)(A) of the Act and Rule 19b-4(e)(6) thereunder. See letter from Karen A. Aluise, Vice President, BSE, to Anitra Cassas, Attorney, Division

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 such filing will also be available for inspection and copying at the principal office of the BSE. All submissions should refer to File No. SR-BSE-98-13 and should be submitted by February 2, 1999.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority,⁸

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-598 Filed 1-11-99; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40875; File Nos. SR-CBOE-98-25; Amex-98-22; PCX-98-33; and Phlx-98-36]

Self-Regulatory Organizations; Order Granting Approval to Proposed Rule Changes by the Chicago Board Options Stock Exchange, Inc., American Stock Exchange, Inc., Pacific Exchange, Inc., and Philadelphia Stock Exchange, Inc.; Notice of Filing and Order Granting Accelerated Approval to Amendment Nos. 1 and 2 by the Chicago Board Options Exchange; Notice of Filing and Order Granting Accelerated Approval to Amendment No. 1 by the American Stock Exchange; Notice of Filing and Order Granting Accelerated Approval to Amendment No. 1 by the Pacific Exchange; Notice of Filing and Order Granting Accelerated Approval to Amendment Nos. 1 and 2 by the Philadelphia Stock Exchange; Relating to an Increase in Position and Exercise Limits for Standardized Equity Options

December 31, 1998.

I. Introduction

On June 8, 1998, the Chicago Board Options Exchange, Inc. ("CBOE"); on June 24, 1998, the American Stock Exchange, Inc. ("Amex"); July 1, 1998, the Pacific Exchange, Inc. ("PCX"); and on August 14, 1998, the Philadelphia Stock Exchange, Inc. ("Phlx") (collectively, the "Exchanges"); submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act" or "Act")¹ and

Rule 19b-4 thereunder,² proposed rule changes to increase position and exercise limits for standardized equity options to three times their current levels.

The proposed rule changes were published for comment in the **Federal Register** on July 9, 1998, July 9, 1998, July 14, 1998, and September 11, 1998.³ CBOE filed two amendments to its proposed rule change, respectively on November 12 and November 18, 1998.⁴ Amex filed an amendment to its proposed rule change on November 23, 1998.⁵ PCX filed an amendment to its proposed rule change on December 14, 1998.⁶ Phlx filed two amendments to its

² 17 CFR 240.19b-4.

³ See Exchange Act Release Nos. 40160 (July 1, 1998), 63 FR 37155 (July 9, 1998) (CBOE); 40159 (July 1, 1998), 63 FR 37151 (July 9, 1998) (Amex); 40172 (July 6, 1998), 63 FR 37913 (July 14, 1997) (PCX); and 40400 (September 3, 1998), 63 FR 48777 (September 11, 1998) (Phlx).

⁴ See Letter to Michael Walinskas, Deputy Associate Director, Division of Market Regulation, Commission, from Timothy Thompson, CBOE, dated November 10, 1998 ("CBOE Amendment No. 1"). CBOE Amendment No. 1, in addition to making certain non-substantive changes, implements a new hedge reporting requirement with respect to customer accounts holding an equity option position in excess of 10,000 contracts on the same side of the market. See also Letter to Michael Walinskas, Deputy Associate Director, Division of Market Regulation, Commission, from Timothy Thompson, CBOE, dated November 17, 1998 ("CBOE Amendment No. 2"). CBOE Amendment No. 2 clarifies that the 10,000 contract reporting requirement does not apply to CBOE market-maker accounts. The amendment provides that the Exchange has the authority to impose additional margin on the clearing firm carrying the subject customer account in the event an under-hedged equity option position in excess of 10,000 contracts is noted. CBOE Amendment No. 2 also clarifies that the reporting threshold for FLEX equity options will remain unchanged upon the Commission's approval of the current proposed rule change.

⁵ See Letter to Michael Walinskas, Deputy Associate Director, Division of Market Regulation, Commission, from Scott G. Van Hatten, Legal Counsel, Amex, dated November 20, 1998 ("Amex Amendment No. 1"). Amex Amendment No. 1 implements a new hedge reporting requirement on members, other than exchange market-makers, with respect to customer accounts holding an equity option position in excess of 10,000 contracts on the same side of the market. The amendment provides that the Exchange has the authority to impose additional margin on the clearing firm carrying the subject customer account in the event an under-hedged equity option position in excess of 10,000 contracts is noted. Amex Amendment No. 1 also clarifies that the reporting threshold for FLEX equity options will remain unchanged upon the Commission's approval of the current proposed rule change.

⁶ See Letter to Michael Walinskas, Deputy Associate Director, Division of Market Regulation, Commission, from Robert Pacileo, Staff Attorney, PCX, dated December 14, 1998 ("PCX Amendment No. 1"). PCX Amendment No. 1, in addition to making technical language changes, implements a new hedge reporting requirement on members, other than exchange market-makers, with respect to customer accounts holding an equity option position in excess of 10,000 contracts on the same side of the market. The amendment provides that the Exchange has the authority to impose additional

proposed rule change on September 15 and December 4, 1998.⁷ One comment was received on the CBOE's proposal.⁸ This order approves the proposals, as amended.

II. Description

The Exchanges propose to increase position and exercise limits for standardized equity options⁹ to three times their current levels.¹⁰ The current position and exercise limits subject standardized equity options to one of five different position limits depending on the trading volume and outstanding share for the underlying security. The limits are 4,500; 7,500; 10,500; 20,000; and 25,000 contracts on the same side of the market. Under the proposed changes the new limits will be: 13,500; 22,500; 31,500; 60,000; and 75,000. The Exchanges believe sophisticated surveillance techniques at options exchanges adequately protect the

margin on the clearing firm carrying the subject customer account in the event an under-hedged equity option position in excess of 10,000 contracts is noted. PCX Amendment No. 1 also clarifies that the reporting threshold for FLEX equity options will remain unchanged upon the Commission's approval of the current proposed rule change.

⁷ See Letter to Michael Walinskas, Deputy Associate Director, Division of Market Regulation, Commission, from Linda S. Christie, Counsel, Phlx, dated September 14, 1998 ("Phlx Amendment No. 1"). Phlx Amendment No. 1 makes minor technical changes by clarifying the new position limits in the examples presented in Commentary .08(a) of Phlx Rule 1001. See also Letter to Michael Walinskas, Deputy Associate Director, Division of Market Regulation, Commission, from John Dayton, Phlx, dated December 3, 1998 ("Phlx Amendment No. 2"). Phlx Amendment No. 2, in addition to making certain non-substantive changes, implements a new hedge reporting requirement on members, other than exchange market-makers, with respect to customer accounts holding an equity option position in excess of 10,000 contracts on the same side of the market. The amendment provides that the Exchange has the authority to impose additional margin on the clearing firm carrying the subject customer account in the event an under-hedged equity option position in excess of 10,000 contracts is noted. Phlx Amendment No. 2 also clarifies that the reporting threshold for FLEX equity options will remain unchanged upon the Commission's approval of the current proposed rule change.

⁸ See Letter to Jonathan G. Katz, Secretary, Commission, from Kathryn V. Natale, Deputy General Counsel/Director of Compliance-Americas, Credit Suisse First Boston, dated September 23, 1998 ("CSFB Letter"). The CSFB Letter generally supported the position and exercise limit increase.

⁹ Standardized options are exchange-traded options issued by the Options Clearing Corporation ("OCC") that have standard terms with respect to strike prices, expiration dates, and the amount of the underlying security.

¹⁰ Position limits impose a ceiling on the aggregate number of option contracts on the same side of the market (*i.e.*, aggregating long calls and short puts or long puts and short calls) that an investor, or a group of investors acting in concert, may hold or write. Exercise limits impose a ceiling on the aggregate long positions in option contracts that an investor, or group of investors acting in concert, can or will have exercised within five consecutive business days.

⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).