

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 in the Commission's Public Reference Room in Washington, DC. 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-Amex-98-31 and should be submitted by March 25, 1999.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁴

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41091; File No. SR-Amex-99-07]

Self-Regulatory Organizations; Notice of Filing of Immediate Effectiveness of Proposed Rule Change by the American Stock Exchange LLC Relating to an Amendment to Amex Rule 901C Regarding the Listing and Trading of Generic Narrow-Based Index Options

February 23, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, as amended¹ (the "ACT") and Rule 19b-4 thereunder,² notice is hereby given that on February 9, 1999, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange 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.

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

The Amex proposes to amend Rule 901C to provide for the trading of narrow-based stock index options pursuant to new Rule 19b-4(e)³ under the Act.

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 Amex 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 the Statutory Basis for, the Proposed Rule Change

(1) Purpose

The Exchange proposes to amend Amex Rule 901C to provide for the trading of narrow-based stock index options pursuant to new Rule 19b-4(e) under the Act. Amex Rule 901C currently provides that the Exchange may trade options on a new narrow-based index pursuant to Section 19(b)(3)(A)⁴ of the Act provided the index meets the generic criteria set forth in Amex Rule 901C. As discussed in the Commission release adopting new Rule 19b-4(e), however, the Exchange would no longer be required to submit, pursuant to new Rule 19b-4(e) under the Act, a proposed rule change to trade options on a new narrow-based index provided the index meets the generic criteria set forth in Exchange Rule 901C.

In its release adopting new Rule 19b-4(e), the Commission noted that in order to rely on the amendment and not submit filings pursuant to Section 19(b)(3)(A) for options that satisfy the criteria of the Generic Narrow-Based Index Option Approval Order,⁵ an SRO could submit a proposed rule change for Commission approval to eliminate the Section 19(b)(3)(A) rule filing requirement from its existing rules.⁶

³ Securities Exchange Act Release No. 40761 (December 8, 1998), 63 FR 70952 (December 22, 1998) ("New Products Release").

⁴ 15 U.S.C. 78s(b)(3)(A).

⁵ Securities Exchange Act Release No. 34157 (June 3, 1994) 59 FR 30062 (June 10, 1994).

⁶ See New Products Release at note 89.

Accordingly, to enable the Exchange to use new Rule 19b-4(e), the Exchange proposes to eliminate the Section 19(b)(3)(A) rule filing requirement from Rule 901C. The Exchange represents that use of new Rule 19b-4(e) will be in accordance with the terms and conditions set forth in the order approving the Rule.

The Exchange also proposes to amend Rule 901C to change the term "Chinese wall" to "fire wall." The Exchange believes that the use of the term fire wall is appropriate and more accurately describes the informational barriers commonly used in the securities industry.

Finally, the Exchange notes that the release adopting new Rule 19b-4(e) does not become effective until February 22, 1999. Accordingly, the Exchange will not provide for the trading of options on any narrow-based index pursuant to new Rule 19b-4(e) until after February 22, 1999, because, pursuant to Section 19(b)(3)(A) and Rule 19b-4(f)(6)⁷ of the Act, this proposal to amend Rule 901C will become operative until thirty days after the date of its filing with the Commission. Therefore, this proposal will not become operative until March 11, 1999.

The Exchange proposes that the following provisions of the Amex Rules be amended as set forth below.

[Bracketing] indicates text to be deleted and italicizing indicates text to be added.

Designation of Stock Index Options

Rule 901C. (a)-(c) No change.

Commentary

.01 No change.

.02 The Exchange has received approval, pursuant to [Section 19(b) of] the Securities Exchange Act of 1934 ("Act"), to list options on stock industry index groups pursuant to *Rule 19b-4(e)* [Section 19(b)(3)(A)] of the Act *provided* [The Securities and Exchange Commission stated in its Approval Order that a proposal to list options on stock industry index groups can be effective upon its filing with the Commission provided the Exchange (i) sends a draft of its filing to the Commission at least one week before formally filing the document pursuant to Rule 19b-4 of the Act; (ii) proposes to commence trading in options on the stock industry index group not earlier than 30 days after the date of the filing;

⁷ 17 CFR 240.19b-4(f)(6). Former paragraph (e) under Rule 19b-4 was redesignated paragraph (f) when the New Products Release promulgating new paragraph (e) became effective on February 22, 1999.

¹⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

and (iii)] each of the following criteria are satisfied:

(a) No change.

(b) *Index Calculation*—The index will be calculated based on either the capitalization weighting, price weighting or equal-dollar weighting methodology. Indexes based upon the equal-dollar weighting method will be rebalanced at least quarterly. If the index is maintained by a broker-dealer, the broker-dealer shall erect a “fire [Chinese] wall” around the personnel who have access to information concerning changes and adjustments to the index and the index shall be calculated by a third party who is not a broker-dealer. The current index value will be disseminated every 15 seconds over the Consolidated Tape Association’s Network B.

(c) No change.

(d) *Maintenance of the Index*—Once approved for options trading pursuant to *Rule 19b-4(e)* [Section 19b(3)(A)], the index must continuously maintain the standards set forth above, except that:

- (1) No change.
- (2) No change.
- (3) No change.
- (4) No change.

(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)(5) in particular in that it is designated to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) and Rule 19b-4(f)(6) of the Act. The proposed rule change does not

significantly affect the protection of investors or the public interest; does not impose any significant burden on competition; and does not become operative prior to 30 days after the date the proposed rule change was filed with the Commission. In addition, the Amex provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing the proposed rule change as required by Rule 19b-4(f)(6).

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 the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in the 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 those that may be withheld from the public in accordance with the provisions of 4 U.S.C. 552, will be available for inspection and copying in the Commission’s Public Reference Room in Washington, DC. 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-99-07 in the caption above and should be submitted by March 25, 1999.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41108; File No. SR-BSE-99-2]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Boston Stock Exchange, Inc. Relating to Its Trade Reporting and Comparison Fee Schedule

February 25, 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 January 29, 1999, the Boston Stock Exchange, Inc. (“BSE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Item I, II, and III below, which Items have been prepared by BSE. The BSE has designated this proposed rule change as establishing or changing a due, fee or other charge under Section 19(b)(3)(A) of the Act, which renders the proposed rule change effective upon receipt of this filing by the Commission. 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 proposes to amend its Trade Recording and Comparison Fee Schedule to reduce the rate charged for non-specialist trades executed by a floor broker on another exchange and then transferred into an account at the Exchange for clearing purposes. The text of the proposed rule change is available at the Office of the Secretary, 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, 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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).