and restructured both companies. For instance, applicant helped USDATA go public in 1995 and also helped Cambridge to complete a secondary public offering. Moreover, applicant submits that it is committed to holding significant equity stakes in both companies and to participating in their strategic management over the long-term, so long as they fit within applicant's overall strategy.

c. Applicant states that it has developed numerous processes for managing its own business which it shares with its partnership companies, including Cambridge and USDATA. In addition, applicant states that it encourages Cambridge and USDATA to collaborate and to do business with each other and with other of applicant's partnership companies. Cambridge and USDATA, along with other partnership companies, assist each other and applicant in identifying or reviewing potential candidates for acquisitions or investment, and recruiting new managers and directors.

d. Applicant has chosen to style its relationship with each company as a ''partnership'' to reflect the realities of the entrepreneurial and rapidly changing information services industry. Applicant believes that traditional corporate structures would inhibit the flexibility and creativity necessary for growth and that giving entrepreneurs the power to create their own wealth by increasing the value of their equity in their company (without being affected by the results of other divisions or subsidiaries of the ''parent'' company) maximizes the entrepreneurs' incentive to fuel innovation and growth. Applicant states, however, that despite its emphasis on ''partnership'' it is willing and able to intervene directly and effectively in the management of Cambridge and USDATA when either company fails to meet its expectations. For example, in March 1997, applicant replaced the outgoing CEO of USDATA with one of its officers as acting CEO and will be instrumental in the recruitment and selection of the permanent CEO. Applicant argues that this management change evidences its ability to assert its power to control the direction and operation of USDATA.

e. Applicant's executives and staff provide assistance to both companies in identifying and introducing potential new clients. Applicant states that it assists USDATA in structuring and negotiating business alliances, financial planning and reporting, and tax planning. In addition, applicant states that it has helped Cambridge find and secure clients, arranged for a new headquarters building, and helped Cambridge recruit a new CEO, chief administrative officer, chief technology officer, and six directors. Applicant submits that it supports the managers at both Cambridge and USDATA with ongoing programs and practical business and administrative guidance intended to promote the development of each company. Further, applicant asserts that managers of the companies have the freedom to use applicant's resources in the manner and to the extent that suits their own style.

f. In addition, applicant states that it maintains control over Cambridge and USDATA through a series of cross-directorships involving individuals who are associated with applicant through their service as current and former directors and officers of applicant or its other partnership companies. Applicant states that these board members help each company define its general business strategy and actively participate in adopting operating plans and budgets. These board members also participate in key corporate decisions.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–38654; File No. SR–CBOE–97–20]

Self-Regulatory Organizations; The Chicago Board Options Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Fees Charged for Participation in the NYSE Options Program

May 19, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on April 25, 1997, the Chicago Board Options Exchange (''CBOE'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items, I, II, and III below, which items have been prepared by CBOE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

[1] 15 U.S.C. 78s(b)(1) (1988).

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

The purpose of the proposed rule change is to impose booth and telecommunications fees for participation in the New York Stock Exchange (''NYSE'') Options Program. CBOE proposes to impose these fees from the start of trading of those options on CBOE's alternate trading floor (''Green Badge Floor'') on April 28, 1997.[2]

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

In its filing with the Commission, CBOE included statements concerning the purpose of and basis for the proposed rule change and discussed any comments that it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. CBOE 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

The purpose of the proposed rule change is to impose Exchange fees for booth and telecommunications costs which are different than the fees set forth in CBOE's standards fee schedule. The fees for the NYSE Options Program will be imposed from the start of trading of these options on the CBOE on April 28, 1997.

The proposed fees are: (1) For non-Options Clearing Corporation member firms, the Green Badge space flat fee of $500 per month per booth with no variable fee; (2) for Options Clearing Corporation member firms, a flat fee of or $150 per month per booth with no variable fee;[3] for initial installation only, a fee of $250 per Exchange phone;

[2] On April 23, 1997, the Commission approved proposed rule changes regarding the transfer of the NYSE Options business to CBOE. *See* Securities Exchange Act Release No. 38541 (April 23, 1997), 62 FR 23516 (order approving File No. SR–CBOE–97–14); and 38542 (April 23, 1997), 62 FR 23521 (order approving File No. SR–NYSE–97–05).

[3] Although CBOE's proposed rule change indicates that the $150 flat fee applies to CBOE member firms, CBOE has clarified that the fee applies to Options Clearing Corporation members participating in the NYSE Options Program. Telephone conversation between Timothy Thompson, Senior Attorney, CBOE and Margaret R. Blake, Division of Market Regulation, Commission (May 13, 1997).

and (4) for initial installation only, a fee of $50 per single line set.

CBOE proposes the imposition of these fees pursuant to CBOE Rule 2.22. The Exchange will distribute a circular to its members to notify them of the imposition of these Exchange fees.[4]

The Exchange is imposing these fees as a result of the transfer of the NYSE Options Program. The fees are less than comparable fees charged on the CBOE main floor because of the reduced value of the Green Badge floor space relative to the value of booth space on the CBOE main floor. The telecommunications fees are reduced for initial installation only with fees reverting back to the standard schedule after the relocation is completed. The purpose for the reduced telecommunications fees is due to the Green Badge Floor having been newly constructed, causing the phone installation costs to be substantially less than adding a phone to a pre-existing location.

CBOE believes the proposed rule change is consistent with its requirements under the Act, specifically with Section 6(b)(4),[5] in that it provides for the equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using its facilities.

(B) Self-Regulatory Organization's Statement on Burden on Competition

CBOE 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 established or changes a due, fee, or other charge imposed by the Exchange and therefore, has become effective pursuant to Section 19(b)(3)(A)(ii)[6] of the Act and Rule 19b–4(e)(2)[7] thereunder. At any time within sixty 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 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, 450 Fifth Street, N.W., Washington, D.C. 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 the File No. SR–CBOE–97–20 and should be submitted by June 17, 1997.

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

Margaret H. McFarland,

Deputy Secretary.

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[4] Prior to the transfer of NYSE Options business, CBOE notified NYSE Options firms of the telecommunication and booth fees. Memorandum from Ed Joyce, CBOE, to relocating NYSE Options firms (March 31, 1997).

[5] 15 U.S.C. 78f(b)(4).

[6] 15 U.S.C. 78s(b)(3)(A)(ii).

[7] 17 CFR 240.19b–4(e)(2).

[8] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–38660; File No. SR–MBSCC–97–04]

Self-Regulatory Organizations; MBS Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Modification of Schedule of Charges

May 20, 1997.

Pursuant to Section 19(b)(1)[1] of the Securities Exchange Act of 1934 (''Act''), notice is hereby given that on April 3, 1997, the MBS Clearing Corporation (''MBSCC'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by MBSCC. The Commission is publishing this notice to solicit comments from interested persons on the proposed rule change.

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

The proposed rule change modifies MBSCC's schedule of charges to classify certain charges as fees rather than penalties.

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

In its filing with the Commission, MBSCC 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. MBSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.[2]

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

The purpose of the proposed rule change is to modify MBSCC's schedule of charges to classify certain charges as fees rather than penalties. Currently, MBSCC maintains a schedule of charges for dealer accounts, a schedule of changes for broker accounts, and a schedule of penalty fees. MBSCC believes it is more appropriate that the charges set forth on the schedule of penalty fees appear on the schedule of charges as ordinary charges because they are intended to encourage participants to take alternative actions, such as earlier submission of data, rather than penalize participants. Therefore, the entire schedule of penalty fees will be deleted, and those charges will now appear on the MBSCC schedule of charges.

MBSCC believes the proposed rule change is consistent with the requirements of Section 17A(b)(3)(D) of the Act[3] and the rules and regulations thereunder because it provides for the equitable allocation of reasonable dues, fees, and other charges among MBSCC's participants.

[1] 15 U.S.C. 78s(b)(1).

[2] The Commission has modified the text of the summaries prepared by MBSCC.

[3] 15 U.S.C. 78q–1(b)(3)(D).