

the above-mentioned procedures to ensure their familiarity with respect to the removal of fuses during hot shutdown. Therefore, operators are trained and experienced in removing the fuses.

On the basis of this evaluation, the Commission concludes that the proposed action to close the PORV block valves prior to control room evacuation and to remove fuses from the PORV control circuit provides reasonable assurance that safe shutdown can be achieved in the event of a control room fire and is acceptable.

III

The Commission has determined, pursuant to 10 CFR Part 50.12, that this exemption as described in Section II above is authorized by law, will not present an undue risk to the public health and safety, and is consistent with the common defense and security. Furthermore, the Commission has determined that special circumstances as provided in 10 CFR 50.12(a)(2)(ii), are present in that application of the regulation, as interpreted by the staff, in the particular circumstances is not necessary to achieve the underlying purpose of the rule. The underlying purpose of Section III.G.1 of Appendix R is to ensure that safe shutdown can be achieved notwithstanding a fire or the consequences therefrom. Application of this section to the extent it precludes the removal of fuses as a fire protection feature is not necessary to achieve the underlying purpose of the rule because the licensee's proposal still provides reasonable assurance that one safe shutdown train will be operable and free of fire damage.

IV

Accordingly, the Commission hereby grants an exemption from the requirements of Section III.G.1 of Appendix R to 10 CFR Part 50 to allow removal of fuses from the PORV control circuit in the event of a control room fire.

Pursuant to 10 CFR 51.32, the Commission has determined that the granting of this exemption will have no significant impact on the quality of the human environment (59 FR 62415).

This exemption is effective upon issuance.

Dated at Rockville, Maryland, this 21st day of February 1995.

For the Nuclear Regulatory Commission.

John N. Hannon,

Acting Director, Division of Reactor Projects—III/IV, Office of Nuclear Reactor Regulation.
[FR Doc. 95-5773 Filed 3-8-95; 8:45 am]

BILLING CODE 7590-01-M

POSTAL RATE COMMISSION

Notice of Commission Visits

March 3, 1995.

Notice is hereby given that members of the Postal Rate Commission and certain advisory staff members will visit the facilities of the following businesses to observe their operations:

Penton Press, Cleveland, Ohio and then meet with officials from Lands End, Inc. in Milwaukee, Wisconsin on March 7, 1995.

Quad/Graphics, Hartford, Wisconsin on March 8, 1995.

Hallmark Cards, Kansas City, Missouri, March 9, 1995.

Reports of these visits will be placed on file in the Commission's Docket Room. For further information contact Margaret P. Crenshaw, Secretary of the Commission at 202-789-6840.

Margaret P. Crenshaw,

Secretary.

[FR Doc. 95-5813 Filed 3-8-95; 8:45 am]

BILLING CODE 7710-FW-P

RAILROAD RETIREMENT BOARD

Agency Forms Submitted for OMB Review

SUMMARY: In accordance with the Paperwork Reduction Act of 1980 (44 U.S.C. Chapter 35), the Railroad Retirement Board has submitted the following proposal(s) for the collection of information to the Office of Management and Budget for review and approval.

Summary of Proposal(s):

- (1) *Collection title:* Placement Service.
- (2) *Form(s) submitted:* ES-2, ES-20a, ES-20b, ES-21, ES-21c, UI-35.
- (3) *OMB Number:* 3220-0057.
- (4) *Expiration date of current OMB clearance:* April 30, 1995.
- (5) *Type of request:* Revision of a currently approved collection.
- (6) *Respondents:* Individuals or households, Business or other for-profit, State, Local or Tribal Government.
- (7) *Estimated annual number of respondents:* 27,700.
- (8) *Total annual responses:* 31,250.
- (9) *Total annual reporting hours:* 1,981.

(10) *Collection description:* Under the RUIA, the Railroad Retirement Board provides job placement assistance for unemployed railroad workers. The collection obtains information from job applicants, railroad and non-railroad employers, and State Employment Service offices for use in placement, for providing referrals for job openings and

reports of referral results and for verifying and monitoring claimant eligibility.

ADDITIONAL INFORMATION OR COMMENTS:

Copies of the form and supporting documents can be obtained from Chuck Mierzwa, the agency clearance officer (312-751-3363). Comments regarding the information collection should be addressed to Ronald J. Hodapp, Railroad Retirement Board, 844 North Rush Street, Chicago, Illinois 60611-2092 and the OMB reviewer, Laura Oliven (202-395-7316), Office of Management and Budget, Room 10230, New Executive Office Building, Washington, DC 20503.

Chuck Mierzwa,

Clearance Officer.

[FR Doc. 95-5767 Filed 3-8-95; 8:45 am]

BILLING CODE 7905-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-35437; File No. SR-CBOE-95-14]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Inc. Relating to Buy-Write Options Unitary Derivatives

March 2, 1995.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on February 1, 1995, the Chicago Board Options Exchange, Inc. ("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 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 Exchange, pursuant to Rule 19b-4 under the Act, proposes to amend its rules to permit trading in Buy-Write Options Unitary Derivatives ("BOUNDS"). As described in more detail below, BOUNDS are long term options which the CBOE believes have the same economic characteristics as a covered call writing strategy.

The text of the proposed rule change is available at the Office of the Secretary, CBOE 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 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 self-regulatory organization 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 CBOE believes the purchase of a BOUND will be substantially equivalent to a "buy-write" transaction (*i.e.*, the simultaneous writing of a call option and purchase of the underlying stock). Unlike an actual buy-write transaction, however, the purchase of a BOUND is effected in a single exchange transaction. The Options Clearing Corporation ("OCC") will be the issuer of all BOUNDS traded on the Exchange.

As with OCC issued options, BOUNDS will be created when an opening buy and an opening sell order are executed. The execution of every such order will increase BOUNDS open interest. Except as described herein, BOUNDS will be subject to the rules governing standardized options.

A BOUND holder will be in essentially the same economic position as a covered call writer except that a BOUND is not subject to exercise before expiration. BOUND holders will profit from the stock's movement up to the strike price and will receive payments equivalent to the cash dividends paid on the underlying stocks. On the ex-date for a stock dividend, OCC will debit all short BOUND accounts and credit all long BOUND accounts with an amount equal to the dividend on the underlying stock.

Like put and call options, BOUNDS will trade in standardized contract units of 100 shares of underlying stock per BOUND contract. At expiration, BOUND holders will receive 100 shares of the underlying stock for each BOUND contract held if on the last day of trading, the underlying stock closes at or below the strike price. However, if at expiration the underlying stock closes above the strike price, the BOUND holder will receive a payment equal to 100 times the BOUND's strike price for each BOUND contract held. Persons

who have sold BOUND contracts will be required to deliver either 100 shares of the underlying stock for each BOUND contract or the strike price multiplied by 100 at expiration, depending on the price of the underlying stock at that time. This is the same economic result that accrues to a covered call writer who holds the position to the expiration of the call option.

For example, if the XYZ BOUND has a strike price of \$50 and XYZ stock closes at \$50 or less at expiration, the holder of an XYZ BOUND contract will receive 100 shares of XYZ stock. This is the same result as if the call option in a buy-write position had expired out of the money; *i.e.*, the option would expire worthless and the writer would retain the underlying stock. If XYZ closes above \$50 per share, then the holder of an XYZ BOUND contract will receive \$5,000 in cash (100 times the \$50 strike price). This mimics the economic result to the covered call writer when the call is in the money at expiration and is exercised, *i.e.*, the writer would receive an amount equal to 100 shares times the strike price and, because he would be required to deliver the stock, would forfeit any appreciation above that price.

The criteria for stocks underlying BOUNDS will be the same as the criteria for stocks underlying stock options. The Exchange anticipates that it will list BOUNDS on the same underlying securities on which Long-Term Equity Option Series ("LEAPs") are listed. BOUNDS will be listed at the same strike prices and expiration dates as their respective LEAPs except that BOUNDS will be listed only at strike prices that are at (or very near) or below the then current price of the underlying stock. BOUNDS will be listed with up to 39 months until expiration.

It is anticipated that the sum of the market prices of a LEAP and a BOUND on the same underlying stock with the same expiration date and exercise price will approximate the market price of the underlying stock. If the combined price of the LEAP and BOUND diverge from that of the underlying stock, it is anticipated that arbitrage activity will tend to bring the price relationships back into line.

There is also a relationship between the settlement at expiration of a LEAP and a BOUND having the same underlying security, strike price and expiration date. If at expiration the underlying stock closes at or below the strike price, the LEAP call will expire worthless, and the holder of a BOUND contract will receive 100 shares of stock from the seller of a BOUND position. If, on the other hand, the LEAP call is in the money at expiration, the holder of

the LEAP call is entitled to 100 shares of stock from a short LEAP upon payment of the strike price, and the holder of a BOUND contract is entitled to the strike price times 100 in cash from the short BOUND. While it seems unlikely that an investor would be long both a LEAP and a BOUND at expiration, it is illustrative to consider how such a position would be settled. To continue with the above example where XYZ closes above the \$50 strike price at expiration, an investor long both a LEAP and a BOUND contract would be entitled to receive \$5,000 in cash from the short BOUND and, upon exercise of the LEAP, would be obligated to pay \$5,000 to receive 100 shares of XYZ stock.

The settlement of the LEAP and BOUND at expiration are equally well harmonized from the perspective of the writer. For example, if a writer of both instruments is covered with the underlying stock and the stock closes above the strike price, at expiration, the writer delivers the stock to the long LEAP call and receives in return payment of the strike price times 100, which amount is then delivered to the long BOUND. A covered writer's position, therefore, effectively is closed upon the delivery of the covering stock. If a writer of both instruments has deposited cash or securities other than the underlying stock as margin for a short LEAP call and BOUND, then the writer delivers 100 shares of stock (purchased on the open market) to the long LEAP call upon payment of the strike price times 100. The writer of the BOUND then delivers 100 times the strike price to the holder of the long BOUND.

It should be noted that LEAPs are American-style options whereas BOUNDS are European-style in that they cannot be "exercised" prior to expiration.¹ The Exchange believes that a European-style BOUND will have greater acceptance among investors than an American-style product since a European-style BOUND will permit purchasers to enjoy the enhanced yield that the BOUND provides for a certain period of time. Furthermore, because some type of performance—either delivery of the underlying stock or payment of the strike price—is always required at expiration, the CBOE believes that notice of exercise is not necessary and, therefore, will not be required.

¹ A European-style option may only be exercised during a limited period of time before the option expires. An American-style option may be exercised at any time prior to its expiration.

Customer Margin. The Exchange proposes to apply options margin treatment to BOUNDS as explained below.

A. Long BOUND Positions

Long BOUND positions will be given no loan value and payment in full will be required at the time of purchase. As described more fully below, however, there will be a credit for long BOUNDS in BOUND spread positions.

B. Short BOUND Positions

The BOUND seller receives the full value of the BOUND at the time of the initial sale and receives no further payment when the contract is settled either by payment of the strike price or delivery of the underlying stock. Short BOUND positions, therefore, will be margined in an amount equal to the current market price of the BOUND plus an amount equal to the "add on" percentage used to margin short call options times the market value of the BOUND. Since the maximum obligation of the seller of a BOUND cannot exceed the strike price, however, the amount of margin will never exceed the strike value. Examples of the margin treatment for a short BOUND position follow:

1. Assume a stock price of \$50, a margin add-on percent of 20% and the BOUND trading at \$40. In this case, the short seller would have to pay \$48 to margin the position, *i.e.*, \$40 BOUND price plus 20% of \$40 (\$8), or \$48.

2. Assume a stock price of \$60, an exercise price of \$50, a margin add-on of 20% and the BOUND trading at \$45. In this case, the calculated margin would be \$54, *i.e.*, \$45 BOUND price plus 20% of \$45 (\$9) or \$54. However, since the maximum margin for a short BOUND is the strike value, the margin would be \$50.

3. Assume a stock price of \$40, an exercise price of \$50, a margin add-on percent of 20% and the BOUND trading at \$35. In this case, the margin would be \$42, *i.e.*, \$35 BOUND price plus 20% of \$35 (\$7), or \$42.

C. Covered Positions

Short BOUND positions offset by the equivalent number of shares of the underlying stock will not require any additional margin since the seller's obligation to the buyer will, in all cases, be covered by the position in the underlying stock. Further, since the sum of the prices of a LEAP and a BOUND will be approximately equal to the price of the underlying stock, a long stock position is cover for both a short BOUND and a short LEAP position.

D. Spread Positions

Same Expiration—Different Strike Prices

There will be no margin requirement for BOUND positions which are long the higher strike price and short the lower strike price since the long BOUND more than covers the obligation of the short side of the position. For positions short the higher strike price and long the lower strike, a customer will be required to post the difference between the strike prices.

Different Expiration—Same Strike Price

No margin will be required for positions long the nearest expiration and short the longer expiration since the value of the long BOUND will cover the obligation on the short leg of the position. Positions that are short the near expiration and long the distant expiration will require full margin on the short position less 80% of the market value of the long position.

Different Expiration—Different Strike Prices

There will be no margin required for positions that are long the near expiration and short the distant expiration when the strike price on the near expiration is higher than the strike on the distant expiration. For positions which are long the near expiration and short the distant expiration when the strike price on the near expiration is lower than the strike on the distant contract, the margin will be the difference in the strike between the near term and distant strikes. For positions which are short the near expiration and long the distant expiration, full margin will be required on the short position less 80% of the market value of the long position.

Sales Practices

BOUNDS will be subject to the sales practice and suitability rules applicable to standardized options.

Adjustments for Corporate Transactions

BOUNDS will be subject to adjustments for corporate and other actions in accordance with the rules of The Options Clearing Corporation.

Positions Limits

BOUNDS will be subject to the position limits for equity options set forth in Exchange Rule 4.11. In addition, BOUNDS will be aggregated with equity options on the same underlying stock for the purpose of calculating position limits. However, since BOUND, to the holder, is a "bullish" position (*i.e.*, it is the equivalent of a short put position

where the strike price has been prepaid), long BOUNDS will be aggregated with long call and short put positions. Similarly, since the BOUND, to the seller, is a "bearish" position (*i.e.*, it is the equivalent of a long put position where the strike price has been prepaid), short BOUNDS will be aggregated with short call and long put positions.

The CBOE believes the proposed rule change is consistent with Section 6(b) of the Act in general and furthers the objectives of Section 9(b)(5) in particular in that it is designed 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, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and 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

Comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the publication of this notice in the **Federal Register** or within such other 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 reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve the 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. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, S.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 at the Commission's Public Reference Section, 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 CBOE. All submissions should refer to the file number in the caption above and should be submitted by March 30, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-5702 Filed 3-8-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-35438; File No. SR-NASD-95-01]

Self-Regulatory Organizations; Order Approving Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to Subscriber Fees For Non-NASD Members Receiving the Nasdaq Workstation™ II Functionality

March 2, 1995.

On January 9, 1995, the National Association of Securities Dealers, Inc. ("NASD" or "Association") filed with the Securities and Exchange Commission ("Commission" or "SEC"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ a proposed rule change to extend to non-NASD members (e.g., institutional investors) receiving the second generation of Nasdaq Workstation™ functionality ("NWII") the same subscriber fees that members must now pay. The Commission published notice of the proposed rule change in the **Federal Register** on February 2, 1995.² No comments were received in response to the notice. For the reason discussed below, the Commission is approving the proposed rule change.

I. The Terms of Substance of the Proposed Rule Change

On December 14, 1994, the NASD submitted a proposed rule change—File

No. SR-NASD-94-76—to the Commission that established a new fee schedule for NASD member firms receiving the second generation of NWII.³ The fee schedule contained in File No. SR-NASD-94-76 became effective upon receipt by the SEC in accordance with Section 19(b)(3)(A)(ii) of the Act and Rule 19b-4(a) thereunder.⁴ As specified in File No. SR-NASD-94-76, the new subscriber fees for NWII will add to Sections A(9) and E(5) of Part VIII of Schedule D to the NASD By-Laws.

The NASD then filed the instant rule change to extend to non-NASD members (e.g., institutional investors) receiving NWII functionality the same subscriber fees that members must now pay: (a) a service charge of \$100/month per server; (b) a display charge of \$500/month per presentation device; and (c) a charge of \$1,150/month for additional circuits. This rule change does not, however, entail any further modification to the fee schedule language for NWII that was set forth in File No. SR-NASD-94-76.

The sole purpose of this rule change is to extend to non-NASD members receiving the NWII, the same fees that now apply to NASD members that subscribe to the NWII. Currently, non-NASD members can access Level 2 Nasdaq Workstation service by subscription to the original version of the Nasdaq Workstation service ("NWI"). The NASD, however, is in the process of replacing NWI with NWII.⁵ As the NWII roll-out proceeds, it will completely replace the existing NWI for all classes of subscribers. The instant rule change will ensure that the same NWII charges are paid by all subscribers, including those that are not members of the NASD.

II. Commission Findings

The Commission believes that the rule change is consistent with the requirements of Section 15A(b)(5) of the Act. Section 15A(b)(5) specifies that the rules of a national securities association shall provide for the equitable allocation of reasonable dues, fees, and other changes among members, issuers, and other persons using any facility or system that the Association operates or

controls. This rule provides that the newly established fees for members receiving the NWII functionality will also be paid by non-member subscribers receiving the NWII.⁶ This, in turn, effectuates fairness in the recovery of the applicable costs from the entire subscriber base. As described in this notice, NWII is being implemented in phases with all current NWI subscribers in a defined area being converted to NWII. Also non-NASD members that are converted to NWII will be liable for the new fees; NWI subscribers (i.e., members and non-members) will continue to pay the NWI service fees until they are converted. The extension of the new NWII fees schedule to non-members will result in the imposition of uniform fees and an equitable allocation of operating costs among all subscribers receiving the NWII functionality.

It is therefore ordered, pursuant to section 19(b)(2) of the Act, that the proposed rule change SR-NASD-95-01 be, and hereby is, approved.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-5701 Filed 3-8-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-35435 File No. SR-NASD-94-61]

Self-Regulatory Organizations; Order Approving Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to the Filing Requirements Under Article III, Section 44 of the NASD Rules of Fair Practice Regarding Modified Guaranteed Annuity Contracts and Modified Guaranteed Life Insurance Contracts

March 2, 1995.

On January 12, 1995, the National Association of Securities Dealers, Inc. ("NASD" or "Association"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹, filed with the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule change² that amends

⁶ NWI and NWII both permit the delivery of either Level 2 or Level 3 Nasdaq service. Subscription to Level 3 is limited to NASD members that meet the financial and operational requirements for market making. Subscription to Level 2 Nasdaq service is open to non-members as well as members because it does not provide the functionality needed to enter quotations as a market maker.

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² The NASD originally submitted the proposed rule change on November 21, 1994. On December 1, 1994 and January 12, 1995, the NASD filed amendments to its filing.

³ The computer facilities that support the provision of NWII are operated by the Nasdaq Stock Market, Inc. ("NSMI"), a wholly-owned subsidiary of the NASD.

⁴ See Release No. 34-35189 (January 3, 1995), 60 FR 3014 (January 12, 1995).

⁵ The NWII roll-out will occur in five phases with the final phase scheduled for completion in mid-1996. Each phase consists of installing NWII at all subscriber sites in a defined geographic area. Thus, while the roll-out proceeds, some subscribers will continue to utilize NWI and will pay the existing charges for that service.

² 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1).

³ Securities Exchange Act Release No. 35284 (January 27, 1995), 60 FR 6582.