

filing will also be available for inspection and copying at the principal office of the Amex. All submissions should refer to File No. SR-Amex-95-23 and should be submitted by July 14, 1995.

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

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-35855; File No. SR-CBOE-95-30]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Incorporated Relating to Membership Fees

June 16, 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 June 6, 1995, the Chicago Board Options Exchange, Incorporated ("CBOE" or 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 CBOE. 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 CBOE hereby gives notice that it is proposing to amend the Exchange Regulatory Circular which sets forth the membership fees imposed by the Exchange ("Membership Fee Circular").

The text of the Membership Fee Circular as proposed to be amended 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 CBOE 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 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, Proposed Rule Change

The purpose of this proposed rule change is to amend the Membership Fee Circular in five respects.¹

First, the Membership Fee Circular is proposed to be amended to reflect a new \$500 fee to be paid to the Exchange by every Exchange member who makes application to the Exchange to transfer his or her membership into trust pursuant to recently adopted CBOE Rule 3.25 ("Transfer of Individual Membership in Trust"). The Exchange is establishing this fee pursuant to CBOE Rule 2.22 ("Other Fees or Charges") in order to cover the administrative costs associated with processing applications under CBOE Rule 3.25. This fee will go into effect on June 1, 1995.

Second, the Membership Fee Circular is proposed to be amended to add to the Circular an existing Exchange fee which is payable quarterly by Exchange member firms for each inactive nominee status that such firms wish to maintain. This inactive nominee status maintenance fee is provided for by CBOE Rule 3.8 ("Nominees"), section (b)(1), and the amount of the fee is equal to the amount of the Exchange's quarterly membership dues. In addition, the Membership Fee Circular will reflect the policy of the Exchange that this fee is payable regardless of any waiver of membership dues which might be applicable.² This fee was originally filed with the Commission in 1990³ but

¹ The Membership Fee Circular was first filed with the Commission in 1990. See Securities Exchange Act Release No. 27898 (April 12, 1990), 55 FR 14887 (April 19, 1990) (notice of filing and immediate effectiveness of File No. SR-CBOE-90-05). All of the fees initially contained in the Membership Fee Circular had been previously filed with the Commission, and the purpose of the Membership Fee Circular was to enumerate these fees in a single document which could be distributed to the Exchange's membership. The Membership Fee Circular has been amended twice since 1990. See Securities Exchange Act Release No. 29747 (September 27, 1991), 56 FR 50600 (October 7, 1991) (notice of filing and immediate effectiveness of File No. SR-CBOE-91-31) and Securities Exchange Act Release No. 30901 (July 8, 1992), 57 FR 31546 (July 16, 1992) (notice of filing and immediate effectiveness of File No. SR-CBOE-92-12).

² According to the Exchange, this policy has been in effect since the fee was first filed with the Commission in 1990. The Exchange believes that because the fee is a separate, independent fee, authorized by Rule 3.8(b)(1), the waiver of membership dues would have no bearing on the fee. Telephone conversation between Michael L. Meyer, Attorney, Schiff Hardin & Waite, and James T. McHale, Attorney, Office of Market Supervision, Division of Market Regulation, Commission, on June 15, 1995.

³ See Securities Exchange Act Release No. 28092 (June 4, 1990), 55 FR 23621 (June 11, 1990) (order approving File No. SR-CBOE-90-09).

is not currently included in the Membership Fee Circular.

Third, the Membership Fee Circular is proposed to be amended to explicitly reflect the membership fees that are applicable to limited liability companies ("LLCs"). CBOE Rule 3.3 ("Qualifications of Member Organizations"), Interpretation and Policy .01 provides that for the purposes of eligibility for Exchange membership an entity organized as an LLC shall be deemed a corporation. Pursuant to this rule, LLCs that are applicants for Exchange membership are charged the same fee that is charged to corporations that are applicants for Exchange membership (i.e., \$250). Similarly, LLC managers and members are charged the same fee that is charged to executive officers and principal shareholders of corporations (i.e., \$250).

Fourth, the Membership Fee Circular is proposed to be amended to delete the reference to "Stock Execution Business" contained therein and to replace it with a reference to "Order Service Firm." At the time that the Membership Fee Circular was last amended in 1992, CBOE Rule 6.77 ("Stock Execution Services") provided that stock services could register with the Exchange for the purpose of providing market-makers on the Exchange's trading floor with order handling services related to stock transactions. In 1994, CBOE Rule 6.77 was amended to replace the term "stock service" with the term "order service firm" and to expand the scope of activities that can be engaged in by such firms on the Exchange's trading floor to include order handling services related to commodity transactions. Accordingly, the reference in the Membership Fee Circular to the membership fee that is applicable to such firms is amended to reflect this change in terminology.

Fifth, the Membership Fee Circular is proposed to be amended to provide that the \$250 fee payable by persons who are shareholders or limited partners of firms applying to be members or who become shareholders or limited partners of member firms is payable by such persons whose ownership percentage of the organization is 5% or more. Similarly, the proposed rule change makes express that a similar fee requirement applies to members of an LLC whose ownership percentage is 5% or more. This is consistent with the Exchange's membership application materials which request information concerning shareholders, limited partners, and LLC members that have an ownership percentage that is 5% or greater and with Schedule A of SEC

Form BD⁴ which does the same with respect to broker-dealer applicants.

Finally, the proposed rule change makes certain editorial changes to clarify the Membership Fee Circular without affecting its substance.

The CBOE represents that the proposed rule change is consistent with Section 6 of the Act, in general, and furthers the objectives of Section 6(b)(4) of the Act in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other changes among CBOE members.

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

The Exchange does not believe that the proposed rule change will impose any inappropriate 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 establishes or changes a due, fee, or other charge imposed by the Exchange, it has become effective pursuant to Section 19(b)(3)(A) of the Act and subparagraph (e) of Rule 19b-4 thereunder. 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. 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 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 No. SR-CBOE-95-30 and should be submitted by July 13, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-15312 Filed 6-21-95; 8:45 am]

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[Release No. 34-35852; File No. SR-CHX-95-06]

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change To Add Interpretation and Policies .01, .02, and .03 Under Rule 3 of Article V of the Exchange's Rules and To Add a New Clerk's Fee

June 16, 1995.

On March 1, 1995 the Chicago Stock Exchange, Inc. ("CHX" 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 add interpretation and policies .01, .02 and .03 under Rule 3 of Article V of the Exchange's Rules and to add a new clerk's fee.

The proposed rule change was published for comment in Securities Exchange Act Release No. 35667 (May 3, 1995), 60 FR 24947 (May 10, 1995). No comments were received on the proposal.

First, the proposed rule change adopts interpretations under which *all* Floor employees will be required to submit a Uniform Application for Securities Industry Registration or Transfer ("Form U-4") in order to become registered.³ The Form U-4 requires detailed disclosure of background information, including information regarding employment and disciplinary history, and is the standard industry form

submitted to Self Regulatory Organizations ("SROs") for individuals required to be registered (including securities salespersons and traders). The Form U-4 also requires this information to be updated whenever the information submitted becomes inaccurate or incomplete.

Second, the Exchange also is imposing a requirement that a member (or member organization) promptly give written notice of termination of a Floor employee to the Exchange on the Uniform Termination Notice for Securities Industry Registration (Form U-5)⁴ and concurrently provide a copy of such notice to the person who has been terminated.

Third, the proposal will require all Floor employees of members and member organizations and all Exchange members to be fingerprinted and to submit such fingerprints to the Exchange for identification, background checking, and appropriate processing.⁵

Finally, the proposal will impose an initial registration fee on clerks of \$50.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, with the requirements of Sections 6(b).⁶ In particular, the Commission believes the proposal is consistent with the Section 6(b)(5) requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, and, in general, to protect investors and the public. Further, the Commission believes that the proposal is consistent with Section 6(c)(2) of the Act⁷ in that it should assist the Exchange in fulfilling its regulatory responsibilities regarding the granting of membership by identifying those individuals who are subject to a statutory disqualification under Section 3(a)(39) of the Act.⁸ In

⁴ Form U-5 contains information relating to the circumstances surrounding the termination of an applicant's prior employment, and must be completed and submitted to the NASD, and other SROs requiring such a submission under their respective rules, whenever a registered employee is terminated.

⁵ Fingerprinting currently is required for each partner, director, officer or employee of broker-dealers pursuant to Rule 17f-2 under the Act, with certain exceptions. Floor clerks are not required by Rule 17f-2 to submit fingerprints because they do not physically handle monies or securities. See 17 CFR 240.17f-2 (1994).

⁶ 15 U.S.C. 78f(b) (1988).

⁷ See 15 U.S.C. 78f(c) (1988).

⁸ The Exchange is required to make a determination in each case where an individual who is subject to a statutory disqualification (e.g., is suspended or barred by an SRO, or has been

Continued

¹ 17 CFR 249.501 (1992).

⁵ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1) (1988).

² 17 CFR 240.19b-4 (1994).

³ Currently, only Floor employees that accept orders from the public and applicants for membership are required to submit a Form U-4 to the Exchange.