product standards, and environmental restrictions);

(3) Government procurement (*e.g.*, ''buy national'' policies and closed bidding);

(4) Export subsidies (*e.g.*, export financing on preferential terms and agricultural export subsidies);

(5) Lack of intellectual property protection (*e.g.*, inadequate patent, copyright, and trademark regimes);

(6) Services barriers (*e.g.*, limits on the range of financial services offered by foreign financial institutions, regulations of international data flows, restrictions on the use of data processing, and quotas on imports of foreign films, and barriers to the provision of services by professionals (*e.g.*, lawyers, doctors, accountants, engineers, nurses, etc.));

(7) Investment barriers (*e.g.*, limitations on foreign equity participation and on access to foreign government-funded R&D consortia, local content, technology transfer and export performance requirements, and restrictions on repatriation of earnings, capital, fees and royalties);

(8) Lack of government action against: (a) anticompetitive practices of state-owned and private firms that restrict the sale of U.S. products and services, and (b) corrupt practices (including illicit payments) that may result in lost opportunities for U.S. suppliers of goods and services; and

(9) Other barriers (i.e., barriers that encompass more than one category listed above or that affect a single sector).

In comparison with last year's NTE, we are asking that particular emphasis be placed on any practices that may violate U.S. trade agreements. In addition, this year's report will include information concerning whether foreign governments have in place adequate laws and regulations to combat *corrupt practices*, such as the bribery of public officials, in connection with government purchase and licensing decisions.

We are also interested in receiving any new or updated information pertinent to the barriers covered in last year's report as well as those being added this year. Please note that the information not used in the NTE will be maintained for use in future negotiations.

It is MOST IMPORTANT that your submission contain estimates of the potential increase in exports that would result from the removal of the barrier, as well as a clear discussion of the method(s) by which the estimates were computed. Estimates should fall within the following value ranges: under $5 million; $5 million to $25 million; $25 million to $50 million; $50 million to $100 million; $100 million to $500 million; or over $500 million. Such assessments enhance USTR's ability to conduct meaningful comparative analyses of a barrier's effect over a range of industries.

Please note that interested parties discussing barriers in more than one country should provide a separate submission (i.e., one that is self-contained) for each country.

Written Comments

All written comments should be addressed to: Carolyn Frank, Executive Secretary, Trade Policy Staff Committee, Office of the United States Trade Representative, 600 17th Street N.W., Room 501 Washington, D.C. 20508.

All submissions must be in English and should conform to the information requirements of 15 CFR 2003.

A party must provide ten copies of its submission which must be received at USTR no later than noon on November 30, 1995. If the submission contains business confidential information, ten copies of a non-confidential version must also be submitted. A justification as to why the information contained in the submission should be treated confidentially must be included in the submission. In addition, any submissions containing business confidential information must be clearly marked ''confidential'' at the top and bottom of the cover page (or letter) and of each succeeding page of the submission. The version that does not contain confidential information should also be clearly marked, at the top and bottom of each page, ''public version'' or ''non-confidential.''

Written comments submitted in connection with this request, except for information granted ''business confidential'' status pursuant to 15 CFR 2003.6, will be available for public inspection shortly after the filing deadline. Inspection is by appointment only with the staff of the USTR Public Reading Room and can be arranged by calling (202) 395–6186.

Frederick L. Montgomery,

Chairman, Trade Policy Staff Committee.

[FR Doc. 95–27120 Filed 10–31–95; 8:45 am]

BILLING CODE 3190–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–36417; File No. SR–BSE–95–12]

Self-Regulatory Organizations; Boston Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 1 to Proposed Rule Change Relating to Specialist Concentration

October 25, 1995.

On June 19, 1995, the Boston Stock Exchange, Inc. (''BSE'' or ''Exchange'') submitted to the Securities and Exchange Commission (''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 seeking permanent approval of the Exchange's Specialist Concentration Policy.

The proposed rule change was published for comment in the Federal Register on July 25, 1995.[3] No comments were received on the proposal. On October 18, 1995, the BSE submitted Amendment No. 1 to the proposed rule change.[4] This order approves the proposed rule change. In addition, Amendment No. 1 is approved on an accelerated basis.

The Exchange's current policy regarding the concentration of specialist units was first approved by the Commission on a six-month pilot basis ending August 7, 1990.[5] The Commission later approved the renewal of the pilot program for additional one-year periods through September 26, 1995.[6]

The BSE's Specialist Concentration Policy pilot program establishes certain standards based on Consolidated Tape Association (''CTA'') ranking[7] of specialist stocks for reviewing certain proposed mergers, acquisitions, and other combinations between or among specialist units. The proposed policy

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

[2] 17 CFR 240.19b–4.

[3] Securities Exchange Act Release No. 35987 (July 18, 1995), 60 FR 38065.

[4] *See* Letter from Karen Aluise, Assistant Vice President, BSE, to Glen Barrentine, Team Leader, SEC (Oct. 13, 1995). Amendment No. 1 is described *infra* at note 8 and accompanying text.

[5] Securities Exchange Act Release No. 27684 (Feb. 7, 1990), 55 FR 5527 (approving File No. SR–BSE–89–05).

[6] *See* Securities Exchange Act Release Nos. 28327 (Aug. 10, 1990), 55 FR 33794 (approving File No. SR–BSE–90–11); 29551 (Aug. 13, 1991), 56 FR 41380 (approving File No. SR–BSE–91–06); 31037 (Aug. 13, 1992), 57 FR 37854 (approving File No. SR–BSE–92–08); 32753 (Aug. 16, 1993), 58 FR 44707 (approving File No. SR–BSE–93–15); and 34716 (Sept. 26, 1994), 59 FR 50026 (approving File No. SR–BSE–94–12).

would authorize those members of the Executive Committee of the Exchange's Board of Governors that are not affiliated with a specialist organization to review proposed combinations that, in the Exchange's view, may lead to undue concentration with the specialist community.[8]

The Executive Committee would review any arrangements where previously separate specialist organizations would be operating under common control and would comprise: 15% or more of the 100 most actively traded CTA stocks; or 15% or more of the second 100 most actively traded CTA stocks; or 20% or more of the third 100 most actively traded CTA stocks; or 15% or more of all the CTA stocks eligible for trading on the BSE where the Free List contains fewer than 100 issues.[9]

The Executive Committee would approve or disapprove the proposed combination based on its assessment of the following considerations: (1) Specialist performance and market quality in the stocks subject to the proposed combination; (2) the likelihood that the proposed combination would strengthen the capital base of the resulting organization, minimize the potential for financial failure and negative consequences of any such failure on the specialist system as a whole, and maintain or increase operational efficiencies; (3) commitment to the Exchange market, focusing on whether the constituent specialist organizations engage in business activities that might detract from the resulting specialist organization's willingness or ability to act to strengthen the Exchange agency/auction market and its competitiveness in relation to other markets;[10] and (4) the effect of the proposed combination on the overall concentration of specialist organizations.

The Exchange has stated previously that the Policy is designed to provide the BSE with a mechanism for reviewing proposed mergers, acquisitions, and other combinations between or among specialist units that may lead to a level of concentration within the specialist community that is detrimental to the Exchange and the quality of its markets.[11] The Exchange expressed its belief that if specialist units were permitted to aggregate control or dominate activity on the Floor of the Exchange: the potential for increasing order flow would be diminished seriously; a disproportionately large number of top quality stocks could be handled by one or a small number of specialist firms; the barriers that new entrants to the specialist business face may increase; the Exchange could become dependant upon one firm for a disproportionately large portion of its revenues; the influence of the larger firms over the policies or direction of the Exchange would increase significantly; competition among specialists for new stock allocations would be reduced; the integrity of the entire stock allocation process would be undermined; and, in general, the incentives for quality markets and higher standards of performance would be reduced.

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 Section 6(b).[12] In this regard, the Commission deems the proposal consistent with the Section 6(b)(5)[13] 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. The proposal identifies specific levels of review for combinations that could impair market quality and hinder competition to the detriment of investors and the public interest, but still ensures that combinations that are beneficial to the marketplace will not be prohibited.

The Commission believes that in many situations combinations among specialist units can be beneficial for the quality of the market and for the units themselves, particularly those units with limited capital and resources. The Commission, however, recognizes the BSE's concern that undue concentration could result in various negative effects on market quality by, among other things, hampering competition among specialists and reducing incentives for specialists to provide better markets. In addition, the Commission recognizes that, as specialist concentration increases, the continued financial and operational vitality of any one unit will have increased importance on the overall quality of the Exchange's markets and its specialist system as a whole.

Accordingly, in light of the legitimate concentration concerns identified by the BSE, the Commission considers it appropriate for the BSE to have a permanent review policy that authorizes it to monitor specialist combinations to determine their impact upon the competitive environment necessary to maintain an orderly market. Furthermore, the Commission continues to believe the concentration factors contained in the proposal should enable the BSE to identify those combinations that could be harmful to market quality while at the same time not hamper the approval of those combinations that would not result in undue concentration or impair market quality. Finally, the Commission believes that exclusion of affiliated Executive Committee members from participating in the discussions and decision making process concerning specialist combinations should allow the Exchange to avoid a potential conflict of interest situation and result in a fairer decision.

The Commission finds good cause for approving proposed Amendment No. 1 prior to the thirtieth day after the date of publication of notice of filing thereof in the Federal Register. Amendment No. 1 would exclude all members of the Executive Committee who are also

[7] The CTA disseminates last sale transaction information for trades executed on any of the participant exchanges or the Nasdaq Stock Market. The current CTA participants include the New York Stock Exchange (''NYSE''), American Stock Exchange (''Amex''), Chicago Stock Exchange (''CHX''), Philadelphia Stock Exchange (''Phlx''), Pacific Stock Exchange (''PSE''), BSE, Chicago Board Options Exchange (''CBOE''), Cincinnati Stock Exchange (''CSE''), and the National Association of Securities Dealers (''NASD''). Each specialist stock is ranked according to the number of CTA trades in such stock. The ranking is based upon the average volume of trades and shares reported to CTA over the past four quarters. Securities Exchange Act Release No. 35987 (July 18, 1995), 60 FR 38065.

[8] The Executive Committee must be composed of at least five members of the Board, two of whom must be the Chairman and the Vice Chairman. Boston Stock Ex. Const. art. VII, § 2, Boston Stock Ex. Guide (CCH), ¶1202 (July 1993). Amendment No. 1 modifies the BSE's Specialist Concentration Policy such that any member of the Executive Committee that is affiliated with a specialist organization will be prohibited from participating in any discussions or decisions of the Committee in applying this policy.

[9] The Free List is made up of securities that are not registered to certain specialists and can be traded by any specialist.

[10] With respect to the ''commitment to the Exchange market'' criteria, the Executive Committee would look to a variety of factors that extend beyond compliance with the Exchange's requirements for providing sufficient capital, talent, and order handling services. For example, the Committee would review and assess each constituent unit's past performance on the Exchange relating to such matters as: the acceptance and cooperation in the development, implementation, and enhancement of the Boston Exchange Automated Communications and Order Routing Network (''BEACON''); efforts at resolving problems concerning customer orders; willingness to facilitate early openings in order to compete effectively with other exchanges; and willingness to voluntarily provide execution guarantees beyond the minimum required under the Exchange's rules.

[11] *See* Securities Exchange Act Release No. 27684 (Feb. 7, 1990), 55 FR 5527 (approving File No. SR–BSE–89–05).

[12] 15 U.S.C. 78f(b).

[13] 15 U.S.C. 78f(b)(5).

affiliated with specialist organizations from participating in the discussions and decisions concerning proposed specialist combinations. As a result, approval of Amendment No. 1 should result in a fairer and more impartial decision making process. In addition, Amendment No. 1 is similar to rules of other self-regulatory organizations.[14] For these reasons, the Commission finds good cause for accelerating approval of the proposed rule change, as amended.

Interested persons are invited to submit written data, views, and arguments concerning Amendment No. 1. 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 at the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing also will be available for inspection and copying at the principal office of the Boston Stock Exchange. All submissions should refer to File No. SR–BSE–95–12 and should be submitted by November 22, 1995.

It therefore is ordered, pursuant to Section 19b)(2) of the Act,[15] that the proposed rule change (SR–BSE–95–12), including Amendment No. 1, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[16]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–27130 Filed 10–31–95; 8:45 am]

BILLING CODE 8010–01–M

[14] *See, e.g.,* PSE Rule 11.3 (prohibiting committee members from adjudicating any matter in which they have an interest).

[15] 15 U.S.C. 78s(b)(2).

[16] 15 CFR 200.30–3(a)(12).

[Release No. 34–36418; File No. SR–CBOE–95–60]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to the Calculation of Bid/Ask Values for Certain Indexes

October 25, 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 October 20, 1995, the Chicago Board Options Exchange, Inc. (''CBOE'' 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 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 CBOE proposes to amend CBOE Rule 8.7, ''Obligations of Market Makers,'' by adopting Interpretation and Policy .08, which will allow the Exchange or its agent to calculate and disseminate bids and asks for various indexes for the purpose of determining permissible bid/ask differentials for in-the-money options on those indexes. The values will be calculated by determining the weighted average of the bids and asks for the components of the corresponding index.

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

Currently, CBOE Rule 8.7(b)(iv) states that the bid/ask differentials provided in CBOE Rule 8.7(b)(iv) shall not apply to in-the-money series where the underlying securities market is wider than the differentials set forth in CBOE Rule 8.7(b)(iv). For those series, CBOE Rule 8.7(b)(iv) provides that the bid/ask differential may be as wide as the quotation on the primary market of the underlying security.

The purpose of the proposal is to permit the bid/ask values of certain indexes, as calculated by the CBOE or its authorized agent, to be used to determine the allowable bid/ask differential for options on the corresponding index, as is currently permitted under CBOE Rule 8.7(b) for equity options. The indexes for which the Exchange currently will provide bid/ask values are the CBOE Biotech Index, the Standard & Poor's (''S&P'') Banking Index, the S&P Chemicals Index, the CBOE Computer Software Index, the CBOE Environmental Index, the CBOE Gaming Index, the S&P Health Care Index, the S&P Insurance Index, the CBOE Israel Index, the CBOE Mexico Index, the S&P Retail Index, the S&P Transportation Index, the S&P Telecommunications Index, the CBOE Global Telecommunications Index, and the CBOE Real Estate Investment Trust (''REIT'') Index. The CBOE may make additions or deletions to this list as conditions warrant. The CBOE represents that any additions to the list will be communicated to the Exchange's membership by means of a regulatory circular.

The Exchange notes that CBOE Rule 8.7 specifies the obligations of a market maker in maintaining a fair and orderly market, including pricing option contracts fairly. In order to price option contracts fairly, CBOE Rule 8.7(b) requires market makers to make bids and offers so that a difference of no more than ¼ of $1 is created between the bid and offer for each option contract for which the bid is less than $2. The allowable differential between the bid and the offer increases in steps as the price of the bid increases, so that the bid/ask differential can be as large as $1 where the bid is more than $20. An exception exists with respect to these specified numerical differentials, however, for in-the-money option series where the underlying securities market is wider than the differentials set forth in CBOE Rule 8.7(b). For these series, CBOE Rule 8.7(b)(iv) permits the bid/