[FR Doc. 96–17033 Filed 7–2–96; 8:45 am]

**BILLING CODE 3110–01–C**

## OFFICE OF PERSONNEL MANAGEMENT

### Federal Salary Council

**AGENCY:** Office of Personnel Management.

**ACTION:** Notice of meeting.

**SUMMARY:** According to the provisions of section 10 of the Federal Advisory Committee Act (P.L. 92–463), notice is hereby given that the forty-ninth meeting of the Federal Salary Council will be held at the time and place shown below. At the meeting the Council will continue discussing issues relating to locality-based comparability payments authorized by the Federal Employees Pay Comparability Act of 1990 (FEPCA). The meeting is open to the public.

**DATES:** July 25, 1996, at 10:00 a.m.

**ADDRESSES:** Office of Personnel Management, 1900 E Street NW., Room 7B09, Washington, DC.

**FOR FURTHER INFORMATION CONTACT:** Ruth O'Donnell, Chief, Salary Systems Division, Office of Personnel Management, 1900 E Street NW., Room 6H31, Washington, DC 20415–0001. Telephone number: (202) 606–2838.

For the President's Pay Agent:

Lorraine A. Green,

*Deputy Director.*

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## SECURITIES AND EXCHANGE COMMISSION

**[Release No. 34–37364; File No. SR–CBOE–96–36]**

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Inc. Relating to the Interruption of RAES Due to Unusual Market Activity

June 25, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on June 12, 1996, the Chicago Board Options Exchange, Incorporated (''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 CBOE proposes to amend CBOE Rule 6.6, Unusual Market Conditions, to give the Order Book Official (''OBO'') or the Post Director authority to turn off the Exchange's Retail Automatic Execution System (''RAES'') for a class or classes of options and for a short period of time when, in the judgement of that OBO or Post Director, there is unusual market activity in such options or their underlying securities.

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 purpose of the proposed rule change is to add a new paragraph (e) to CBOE Rule 6.6 that will authorize OBOs, and, in the case of options traded at Designated Primary Market-Maker (''DPM'') stations, Post Directors temporarily to deactivate RAES in specified classes of options traded at the posts where such persons are stationed when in their judgement such action is warranted by an influx of orders or other unusual market conditions in such options or their underlying securities and the OBO or Post Director determines that such action is appropriate in the interests of maintaining a fair and orderly market. Whenever such action is taken, notice thereof shall immediately be given to two Floor Officials who may continue the deactivation of RAES for more than five minutes or take such actions as they deem necessary pursuant to their authority under Rule 6.6.

This rule change is being proposed to permit a more immediate response to events, such as significant news announcements, that can cause temporary order imbalances and otherwise disrupt the market for stocks that underlie options traded on CBOE. In these situations stock prices may move sharply, and Exchange market-makers may not have time to adjust their options quotes in the numerous series of options that overlie these stocks. This may result in published options quotes that do not reflect current stock prices. Because orders sent to RAES are executed automatically at published quotations, customers may receive executions at unrealistic prices, some at a price more favorable than fair market prices and some less favorable than fair market prices.

Exchange Rule 6.6 currently authorizes two Floor Officials to respond to this situation by declaring the market in particular classes of options to be ''fast,'' and then turning off RAES (and taking other action) until there has been time for prices to be adjusted. Because of the speed with which computerized order routing systems can direct orders to RAES, and because RAES itself provides for instantaneous automatic executions, there can be a significant number of executions at stale prices during the several minutes that it might take for two Floor Officials to declare a fast market. By authorizing OBOs and Post Directors to turn off RAES for up to five minutes, the response time to such a situation will be considerably shortened, and the number of executions at stale prices should be reduced accordingly. In this respect, the proposed rule change is not unlike the recently approved rule change that authorized Post Directors or OBOs to suspend trading in specified classes of options for up to five minutes when there is a trading halt or suspension of trading in the underlying security in the primary market.[2] There, as is proposed here, authority is given to the OBO or Post Director to deal quickly and on an interim basis with a situation where immediate response is called for, pending further consideration of the matter by two Floor Officials.

It is anticipated that in most instances where RAES is deactivated by an OBO or Post Director, the period of time when RAES is unavailable should be very brief, lasting less than five minutes. Even then, orders will continue to be delivered to the trading crowd via the Exchange's electronic order routing system (''ORS'') and the trading crowd will remain obligated to fill customer

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

[2] File No. SR–CBOE–95–44 approved in Exchange Act Release No. 36135 (August 22, 1995), 60 FR 44921.