Exchange's proposal on an accelerated basis.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning Amendment No. 2 including whether the proposed rule change is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, DC 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 Room. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to File No. SR–PCX–97–28 and should be submitted by June 3, 1998.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[37] that the proposed rule change (SR–PCX–97–28) is approved as amended.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[38]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98–12702 Filed 5–12–98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–39972; File No. SR–PHLX–98–20]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change By the Philadelphia Stock Exchange, Inc. To Adopt, on a Pilot Basis, a System Enhancement to the X-Station Electronic Book

May 7, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act),[1] notice is hereby given that on April 24, 1998, the Philadelphia Stock Exchange, Inc. (''Phlx'' 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 Exchange. 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, as a six month pilot, to adopt a system enhancement to the X-Station electronic book on the options floor which matches incoming Automatic Execution System (''AUTO–X'') orders with orders residing on the specialist's book.

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 Phlx 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 Phlx 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

As described in Phlx Rule 1080, Comment .02, the electronic order book is an automated mechanism for specialists to hold and display orders based on price/time priority. The Exchange is currently preparing floor-wide deployment of the new X-Station electronic book on the options floor. The new X-Station provides certain improvements such as expedited non-AUTO–X order execution as well as expedited cancel replacement processing.

AUTO–X is the automatic execution feature of the Automated Options Market (''AUTOM'') System, the electronic order delivery and routing system for options orders. Currently, AUTO–X orders are executed against a ''shadow account'' for which the specialist is ultimately responsible. The execution is immediately reported back to the sending firm, and then, the specialist must manually input the contra-side interest representing the booked order that becomes due as a result of the AUTO–X trade.

At this time, the Phlx proposes to adopt, as a six month pilot, a system enhancement to the electronic book that matches incoming AUTO–X orders with booked orders. The proposed matching ability would allow the specialist to match these two participants directly, without the specialist participating in the trade, by dropping the order to manual status. The match would not be automatic, as the specialist must ensure that crowd participation under current parity/priority rules is not due before executing the trade; thus, the specialist must ''select'' the orders to execute the trade. Since the AUTO–X order has dropped to manual, the sending firm will not receive an execution report until the specialist selects and executes the trade.

The proposed enhancement affords specialists relief from the manual burden of inserting trade participant and clearing information by writing an order ticket for the booked order. Without the X-Station itself, the booked order appears on an actual order ticket, which the specialist submits for key punch entry. Thus, implementing the X-Station without the matching feature is more burdensome than the process required without the X-Station itself because it requires more ticket-writing. The proposed enhancement should reduce the amount of paper processed on the options floor. This in turn should reduce handling and processing time, including the likelihood of errors, thereby facilitating more prompt and accurate trade reporting.

For these reasons, the proposed rule change is consistent with Section 6 of the Act in general, and in particular, with Section 6(b)(5), in that it is designed to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, as well as to protect investors and the public interest by enhancing efficiency through automation in the market.

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

The Phlx does not believe that the proposed rule change will impose any inappropriate burden on competition.

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[37] 15 U.S.C. 78s(b)(2).

[38] 17 CFR 200.30–3(a)(12).

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

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were either solicited or received.

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

The proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act [2] and Rule 19b–4(e)(5) [3] thereunder. The proposal effects a change in an existing order-entry or trading system of a self-regulatory organization that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) does not have the effect of limiting the access to or availability of the system.[4]

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, including whether the proposed rule change is consistent with the Act. 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. Copies of such filing will also be available for inspection and copying at the principal office of the Phlx. All submissions should refer to the File No. SR–PHLX–98–20 and should be submitted by June 3, 1998.

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

Margaret H. McFarland,

Deputy Secretary.

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[2] 15 U.S.C. 78s(b)(3)(A).

[3] 17 CFR 240.19b–4(e)(5).

[4] In reviewing this rule, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

[5] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–39964; File No. SR–Phlx–98–09]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. To Revise Exchange Rule 1101A Relating To Index Options Strike Price Intervals

May 6, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on February 5, 1998, the Philadelphia Stock Exchange, Inc. (''Exchange'' or ''Phlx'') 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 Exchange. 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 seeks to amend Exchange rule 1101A(a), ''Terms of Option Contracts,'' to revise the strike (exercise) price intervals for index options. The proposal would change the intervals between index option strike prices to facilitate the prompt dissemination of quote information and to more accurately reflect the strike prices currently being listed.

Currently, Rule 1101A(a) establishes the strike price interval at $5, except: (i) where the strike price exceeds $500, the strike price interval may be $10; and (ii) where the strike price exceeds $1,000, the interval may be $20. The Exchange may also determine to list strike prices at wider intervals in ''out-of-the-money'' or far term series, generally $25, except: (i) where the strike price exceeds $500, the interval may be $50; and (ii) where the strike price exceeds $1,000, the interval may be $100. Also, where strike price intervals would be greater than $5, the Exchange may list alternative strike prices at $5 intervals in response to demonstrated customer interest or specialist request.

At this time, the Exchange is proposing an index option strike price interval of $5 for the three consecutive near-term months, $10 for the fourth month, and $30 for the fifth month. However, the Exchange will retain the ability to list alternative strike prices at $5 intervals in response to demonstrated customer interest or specialist request.

The text of the proposed rule change is available at the Office of the Secretary, the Exchange, 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 Exchange 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 Exchange 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

1. Purpose

During recent years, the number of new option products and total series listed by the national securities exchanges has increased dramatically, thereby increasing the number of continuous quote changes disseminated by the exchanges to the Options Price Reporting Authority (''OPRA''), and by OPRA to securities information vendors. In an effort to curb the growth of strike price dissemination and to more accurately reflect the strike prices currently being listed, the Exchange proposes to amend Exchange rule 1101A(a) to change the intervals between index option strike prices.

Currently, Exchange Rule 1101A(a) establishes a formula for strike price intervals which takes into consideration the index value and time remaining until expiration. The Rule establishes a strike price interval at $5, except: (i) where the strike price exceeds $500, the strike price interval may be $10; and (ii) where the strike price exceeds $1,000, the interval may be $20. The Exchange may also determine to list strike prices at wider intervals in ''out-of-the-money''

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