narrow-based standards regarding margin requirements provided for under Exchange Rules 30.53 and 12.3 will apply. The applicable generic narrow-based position and exercise limits will be determined pursuant to Exchange Rule 30.35.

2. Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act [5] in general, and furthers the objectives of Section 6(b)(5) [6] in particular, in that it will permit trading in warrants based on the Index pursuant to Exchange rules designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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 CBOE 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

No written comments were solicited or received with respect to the proposed rule change.

III. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change, and Amendment No. 1 thereto, 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 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 CBOE. All submissions should refer to file number SR–CBOE–98–17 and should be submitted by June 3, 1998.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98–12708 Filed 5–12–98; 8:45 am]

BILLING CODE 8010–01–M

[5] 15 U.S.C. 78f.

[6] 15 U.S.C. 78f(b)(5).

[7] 17 CFR 200.30–3(a)(12) (1994).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–39973; File No. SR–NYSE–98–12]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto by the New York Stock Exchange, Inc. Relating To Changes in Bond Listing Procedures and Practices

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 15, 1998, the New York Stock Exchange, Inc. (''NYSE'' 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 NYSE. On April 30, 1998, the NYSE submitted to the Commission Amendment No. 1 to the proposed rule change.[2] 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 proposes to amend its Listed Company Manual to make certain changes regarding the listing requirements for debt securities and other debt security practices.

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 NYSE 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 NYSE 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

The Exchange proposes to make certain changes to its rules, standards and procedures relating to debt securities. The changes are designed to facilitate the process for listing debt securities on the Exchange and to update certain rules and policies to conform to todays practices.

(a) Interest Payments. Paragraph 204.18 (Interest Payments) of the Listed Company Manual requires an issuer or its paying agent to notify the Exchange whenever it makes an interest payment. The obligation can be satisfied through the use of confirmation cards where that is appropriate. It also requires the issuer to notify the press and the Exchange whenever it does not meet its interest obligations. The Exchange proposes to delete the obligation to inform the Exchange of interest payments, whether by confirmation cards or otherwise.

Instead, the Exchange feels that reliance upon an issuer's obligation to report its failure to meet a payment obligation adequately protects the holders of debt securities. The Exchange is also proposing to add to the end of Paragraph 204.18 a cross-reference to 202.00, which reminds issuers that they are required to disclose material information (including the inability to meet payment obligations).

The Exchange believes that the issuer's obligation to report immediately to the press and the Exchange a failure to meet an interest payment or any unusual circumstance or condition relating to its ability to meet an interest payment makes the practice of mailing and collecting interest payment confirmation cards an administrative burden that is not necessary to the proper monitoring and surveillance of debt securities.

(b) Multiple Facsimile Signatures. Paragraph 501.06 (Bond Signatures) requires bonds to be executed, either manually or by facsimile machine, by two of the issuer's officers. Whether the issuer uses one facsimile signature (and one manual signature) or two facsimile signatures, the Exchange currently requires the issuer to submit an opinion

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

[2] In Amendment No. 1, the Exchange made technical corrections to the proposed rule change and clarified the purpose of the proposal. *See* Letter from James E. Buck, Senior Vice President and Secretary, NYSE, to Michael Walinskas, Deputy Associate Director, Division of Market Supervision, dated April 29, 1998 (''Amendment No. 1'').

of counsel that states that the use of each facsimile signature (a) is specifically authorized by (or at least is not inconsistent with) the issuer's charter or by-laws and the issue's indenture, and (b) is valid and effective under the laws of the state of the issuer's incorporation. In the case of the use of a single facsimile signature, the opinion of counsel must also state that the actual facsimile signature to be used has been duly adopted. In the case of the use of two facsimile signatures, the issuer is required to submit to the Exchange the board resolution adopting the actual signatures to be used.

The Exchange believes that it remains appropriate to subject an issuer's use of facsimile signatures to each of those requirements. However, the Exchange believes that it is not necessary to require the issuer to provide opinions of counsel and board resolutions to the Exchange in connection with those requirements.

The Exchange therefore proposes to continue to require issuers to authorize the use of facsimile signatures, to adopt the specific facsimile signatures to be used, to comply with charter, by-law and indenture provisions and to comply with state laws, but to discontinue the practice of requiring issuers to submit opinions of counsel and board resolutions in respect of those requirements. The Exchange believes that improvements in facsimile technology, increased acceptance of facsimile signatures in the business world and the streamlining of the listing process will justify the proposed updating of rules regulating the use of facsimile signatures.

(c) Discharge of Obligation upon Default of Funds. Paragraph 602.01 (Requirements for a Depository for Funds) and Subparagraph (D) of paragraph 703.06 each require, in part, that a debt security's indenture may not discharge the issuer's payment obligation if the funds representing payment are deposited with the trustee, depository or paying agent more than ten days before the date on which the funds become available to bond holders. The prohibition addresses the practice of depositing securities with the trustee in advance of a payment obligation as a way of satisfying a restrictive covenant where the indenture does not provide for prepayment.

The Exchange adopted those provisions to protect bondholders prior to the enactment of the Trust Indenture Act and the widespread use of early call provisions. However, the practice of advance security deposits is no longer in use. That plus (a) the protections afforded to bondholders by the Trust Indenture Act and (b) the fact that an issuer's defeasance does not normally discharge the issuer's payment obligation to the bondholder as set forth in the debt instrument have led the Exchange to believe that it is appropriate to remove the prohibition from the Listed Company Manual.

(d) Clearance of Terms. Subparagraph (B) (Clearance of Terms) of Paragraph 703.06 currently asks an issuer to submit the indenture and registration terms to the Exchange prior to applying to list the bond and to receive the Exchange's clearance of the terms of those documents before the company is permitted to use a ''listing intention statement'' in the offering prospectus. The Exchange no longer believes that early submission and prior clearance are necessary to the listing process and proposes to eliminate both requirements.

Today, in determining whether a bond qualifies for listing on the Exchange, the Exchange determines whether (a) the issuer's equity security is listed on the Exchange (in which case, the issue's debt securities qualify for listing) or (b) if the issuer does not list its equity security on the Exchange, a nationally recognized security rating organization has rated the debt issue no lower than a Standard & Poors' ''B'' rating or its equivalent. As a result, the Exchange no longer needs to pre-clear the issuer's financial statements and the like in determining whether the debt security qualifies for an Exchange listing. The one item that has required the Exchange to continue to review indenture terms has been the prohibition against defeasance discussed in paragraph (iii) above. However, by eliminating that requirement, the Exchange eliminates the last justification of its need to pre-clear indenture and registration terms. Of course, if an issuer is uncertain as to whether it will qualify for listing, it is welcome to contact the Exchange to discuss the issue's eligibility prior to engaging in the process of completing a listing application.

The Exchange also proposes to make some non-substantive changes to Subparagraph (B) that clarifies the remaining portions of that Subparagraph.

(e) *Delivery of Prospectus, Mortgage and/or Indenture.* Subparagraph (F) (Debt Securities Listing Application Supporting Documents) of Paragraph 703.06 currently requires the issuer to provide with its listing application four copies of a security's prospectus if the debt security has been issued for 12 months or less and to provide one copy of the prospectus if the debt security has been issued for more than 12 months. It also requires the issuer to provide one final copy of an issuer's mortgage or indenture.

The Exchange proposes to change those document delivery requirements if the issuer makes the document publicly available by means of a disclosure service (such as Disclosure, Inc.) that the Exchange finds satisfactory. If the document is available in that manner, the Exchange would no longer require the issuer to submit the final copy (in the case of a mortgage or indenture) and would require the issuer to submit only one copy of the prospectus, even if the debt security has been issued for 12 months or less.

The Exchange feels that modern technologies grant the Exchange ready and dependable access to documents and thereby reduce the need to require issuers to provide documents themselves.

(f) *Opinion of Counsel.* Subparagraph (G) (Opinion of Counsel) of Paragraph 703.06 currently requires the issuer to provide the Exchange with an opinion of counsel that verifies such things as the validity of the debt securities and the authorization for the issuance. While the Exchange continues to believe that the opinion plays an important role in the listing process, the Exchange believes that its physical possession of the opinion is not necessary in most cases. Specifically, the Exchange believes that an issuer's affirmation of the existence of the opinion of counsel will suffice for issues that a registered broker-dealer purchases from the issuer with a view toward resale, whether through an underwritten public offering or otherwise. (The Exchange would continue to require the submission of the opinion of counsel for Rule 144A offerings.) The Exchange proposes to amend Subparagraph (G) accordingly.

Substituting the affirmation for a copy of the opinion facilitates the listing process for issuers because it forestalls any need of the issuer to procure counsel's consent to share the opinion with the Exchange.

In addition, the Exchange believes that it is appropriate to eliminate certain of the items that it requires for inclusion in the opinion of counsel. Specifically, the Exchange believes that it is no longer necessary to require the opinion (a) to set forth the date, nature and status of orders or proceedings of regulatory authorities relating to the issuance of securities that are the subject of a listing application, (b) to state that the Board has authorized the issuing and listing of the securities, and (c) to disclose an affiliation of the counsel to the issuer.

The Exchange has rarely used or relied upon the opinion's description of regulatory proceedings. Its deletion would sacrifice little, while serving to simplify the opinion. In addition, the Exchange believes that the listing-application signature of an authorized officer of the issuer provides sufficient assurance of the board's authorization of the issue and of listing the issue on the Exchange.[3]

2. Statutory Basis

The basis under the Act for the proposed rule change is the requirement under Section 6(b)(5) that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and national market system, and, in general, to protect investors and the public interest.

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

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange has not solicited, and does not intend to solicit, comments on the proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

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

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be pro and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve such proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

[3] As for the elimination of the requirement to disclose counsel's affiliation to the issuer, in Amendment No. 1, the NYSE stressed that in most cases issuers no longer would have to furnish the opinion of counsel. The Exchange notes that if it needed to request, review, and/or rely on an opinion, the NYSE could then inquire about the opinion's source and any relevant affiliations. *See* Amendment No. 1.

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 NYSE. All submissions should refer to the File No. SR–NYSE–98–12 and should be submitted by June 3, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[4]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98–12706 Filed 5–12–98; 8:45 am]

BILLING CODE 8010–01–M

[4] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–39970; File No. SR–PCX–97–28]

Self-Regulatory Organizations; Pacific Exchange, Inc.; Order Granting Approval to Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval to Amendment No. 2 to the Proposed Rule Change Relating to Exchange-Sponsored Hand-Held Terminals for Options Floor Brokers

May 7, 1998.

I. Introduction

On July 3, 1997, and December 12, 1997, respectively, the Pacific Exchange, Inc. (''PCX'' 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 and Amendment No. 1 thereto to adopt rules to allow the use of Exchange-Sponsored Floor Broker Hand-Held Terminals (''Exchange-Sponsored Terminals'') on the floor of the Exchange. The Exchange also proposed an interpretation to Rule 6.67 which would not require members' orders entered through Exchange-Sponsored Terminals to be in writing. Finally, the Exchange proposed Rule 6.88(b) to prohibit the use of a floor broker hand-held terminal for market making. On March 30, 1998, the Exchange filed Amendment No. 2 to the proposed rule change with the Commission.[3] In Amendment No. 2, the Exchange amends Rule 6.67, Commentary .02 to indicate that orders sent through proprietary Terminals would also be deemed to be written orders for the purposes of Rule 6.67.

The proposed rule change, and Amendment No. 1 thereto were published for comment in the **Federal Register** on January 16, 1998.[4] No comments were received on the proposal. This order approves the proposal as amended, including Amendment No. 2 on an accelerated basis.

II. Description of the Proposal

A. General Description

The Exchange's Member Firm Interface (''MFI'')[5] currently permits Exchange Member Firms to use an electronic link with the Exchange to send their option orders directly to the Exchange for delivery to POETS (Pacific Option Exchange Trading System).[6] Under the proposal, member firms

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

[2] 17 CFR 240.19b–4.

[3] See Letter from Michael D. Pierson, Senior Attorney, Regulatory Policy PCX to David Sieradzki, Attorney, Division of Market Regulation (''Division''), SEC dated March 27, 1998 (''Amendment No. 2'').

[4] Securities Exchange Act Release No. 39532 (Jan. 9, 1998), 63 FR 2711 (Jan. 16, 1998).

[5] The MFI is an electronic order delivery and reporting system that allows member firms to route orders for execution by the automatic execution feature of POETS as well as to route limit orders to the Options Public Limit Order Book. Orders that do not reach those two destinations are defaulted to a member firm booth. MFI also provides member firms with instant confirmation of transactions to their systems. Member firms may access POETS by establishing an MFI mainframe-to-mainframe connection.

[6] Orders entered via MFI are delivered to one of three destinations: (a) To Auto-Ex, where they are automatically executed at the disseminated bid or offering price; (b) to Auto-Book, which maintains non-marketable limit orders based on limit price and time of receipt; or (c) to a Member Firm's default destination—a particular firm booth or remote entry site—if the order fails to meet the eligibility criteria necessary for either Auto-Ex or Auto-Book or if the Member Firm requests such default for its orders. See generally Exchange Act Release No. 27633 (Jan. 18, 1990), 55 FR 2466 (Jan. 24 1990) (''POETS Approval Order'').