

- 10% of the put exercise price, plus 100% of any amount by which the put is out-of-the-money; or
- 25% of the call exercise price.

The stock may not be valued at more than the call service price.

These same maintenance margin requirements will apply, for example, when these strategies are used with a mutual fund or a stock basket underlying index option or warrants.

g. Effect of Mergers and Acquisitions on the Margin Required for Short Equity Options. The Exchange proposes to adopt Commentary .10 to Exchange Rule 462 to provide an exception to the margin requirement for short equity options in the event trading in the underlying security ceases due to a merger or acquisition. Under this exception, if an underlying security ceases to trade due to a merger or acquisition, and a cash settlement price has been announced by the issuer of the option, margin would be required only for in-the-money options and would be set at 100% of the in-the-money amount.

h. Determination of Value for Margin Purposes. The proposal will revise Exchange Rule 462(d)(1) to make it consistent with the other portion of the Exchange's proposal that allows the extension of credit on certain long term options. Currently, Exchange Rule 462(d)(1) does not allow the market value of long term options to be considered for margin equity purposes. The revision will allow options and warrants eligible for loan value pursuant to proposed Exchange Rules 462(c) and (d) to be valued at current market prices for margin purposes. The Exchange believes this change is necessary to ensure that the value of the option or warrant (the collateral) is sufficient to cover the debit carried in conjunction with the purchase.

i. OTC Options. The proposal makes some minor corrections to the table in Exchange Rule 462 that displays the margin requirements for short OTC options.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act.¹¹ in general, and furthers the objectives of Section 6(b)(5),¹² in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, and does not permit unfair

discrimination between customers, issuers, brokers, and dealers.

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

The Exchange believes that the proposed rule change will not impose any burden on competition.

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

The Exchange did not solicit or receive comments with respect to the proposed rule change.

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 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 appropriate and publishes its reasons for so finding, or (ii) as to which the Exchange consents, the Commission will:

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

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

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. 20549-0609. Copies of the submissions, 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 persons, 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 Exchange. All submissions should refer to File No. SR-Amex-99-27 and should be submitted by September 29, 1999.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹³

Margaret H. McFarland,
Deputy Secretary.

[FR Doc 99-23239 Filed 9-7-99; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41814; File No. SR-BSE-99-11]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Boston Stock Exchange, Inc., Implementing a Post Primary Session

August 31, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on July 13, 1999, the Boston Stock Exchange, Inc. ("BSE" 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 proposes to extend the close of trading on the BSE from 4:00 p.m.³ to 4:15 p.m., creating a new Post Primary Session ("PPS"). The text of the proposed rule is available at the BSE, 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.

¹³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ All references to time are Eastern Time.

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to extend the close of trading on the BSE from 4:00 p.m. to 4:15 p.m., creating a new PPS. Pursuant to Chapter I-B Section 1 (Primary Session), the current trading hours at the Exchange are from 9:30 a.m. until 4:00 p.m. The PPS will extend these hours for an additional fifteen minutes until 4:15 p.m. Under the proposal, all Exchange rules applicable to floor trading during the Exchange's Primary Session will continue to apply during the PPS, with the following exceptions: (1) only orders that are designated "PPS" will be eligible for execution; (2) limit orders on the book from the Primary Session will not be eligible for execution, but will carry over to the next day; (3) there will be no automated executions; (4) there will be no application of the Execution Guarantee Rule;⁴ and (5) GTX⁵ orders will be executable after the close of the PPS (*i.e.*, GTX orders are executable after 4:15 p.m. instead of 4:00 p.m.). Accordingly, the Exchange proposed to amend the following rules: (1) Chapter I-B, Sections 2 and 3, and (2) Chapter IIB, Sections 1 and 3.

PPS Eligible Securities. Pursuant to the proposed amendment of Chapter IIB, Section 3, only orders designated "PPS" will be eligible for execution during the PPS. Since the PPS is merely an extension of the Exchange's auction market, wherein bids and offers are continuously updated for trading under normal auction market principles, Exchange rules will continue to apply. Thus, to be designated PPS eligible, a market, limit, or contingent order must be acceptable under current Exchange rules.

The Exchange notes that, under the proposal, limit orders on the book from the Primary Session are not eligible for the PPS, and must be carried over to the next day. Also, those limit orders received during the PPS (and thus PPS eligible) remain subject to the Limit Order Display Rule.⁶

GTX Orders. GTX Order is an agency limit order that is good until canceled, and is eligible for primary market protection based on the volume that prints on the after hours trading session of the New York Stock Exchange or the American Stock Exchange. Thus, a GTX

Order may be executed during regular trading hours or after the PPS, at 5:00 p.m., but no GTX Order may be executed during the PPS.

BEACON as a Routing System.

"BEACON" is the acronym for the Boston Exchange Automated Communication Order-routing Network. It provides a system for the automated execution of orders on the Exchange under predetermined conditions. Orders accepted under the system may be executed on a fully automated or manual basis. The Exchange proposes to amend Chapter IIB, Section 3(b), to indicate that BEACON will continue to operate as a routing system for PPS eligible orders, but will not provide an automatic execution mechanism.

Operation of the ITS System During the PPS. In the amendment to Chapter IIB, Section 3(a), the BSE represents that ITS will be available for both inbound and outbound commitments during the PPS to the extent that other market centers (*i.e.*, the Pacific Exchange, Inc. ("PCX"),⁷ the Philadelphia Stock Exchange, Inc. ("PHLX")⁸ and the Chicago Stock Exchange, Inc. ("CHX"))⁹ are open for trading. The BSE also represents that it will perform surveillance during the PPS in the same manner and using the same techniques as those used during the Primary Session. To facilitate the surveillance of the PPS, BSE's surveillance staff will remain on-site during the PPS and for any necessary additional time period after the close of the PPS.

Execution Guarantee Does Not Apply. The Execution Guarantee provides that Specialists must guarantee execution on all agency market and marketable limit orders from 100 up to and including 1,299 shares. According to the proposed amendment to Chapter IIB, Section 3(d), the Execution Guarantee will not be available in any form during the PPS.

2. Statutory Basis

The BSE believes that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹⁰ 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; and is not designed to permit unfair discrimination between customers, issuers, brokers or dealers.

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

The Exchange does not believe that the proposed rule change will 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

No written comments were either solicited or received.

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 appropriate and publishes its reasons for so finding or (ii) as to which the Exchange 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.

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, DC 20549-0609. 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 BSE. All submissions should refer to file number SR-BSE-99-11 and should be submitted by September 29, 1999.

⁷ PCX's regular equity session closes at 4:30 p.m. During the crossing session, PCX does not utilize ITS. See PCX Rule 4.2, Commentary .02.

⁸ PHLX operates a Post Primary Session from 4:00 p.m. until 4:15 p.m. which is an extension of its regular auction market. During the Post Primary Session, PHLX utilizes ITS to the same extent it does during regular trading hours. See PHLX Rule 101.

⁹ CHX's primary session closes at 4:00 p.m. CHX conducts an Extended Session from 4:00 p.m. until 4:30 p.m. Both sessions utilize ITS. See generally Article 20, CHX Rules 20, 37, 39, 40 and 41.

¹⁰ 15 U.S.C. 78f(b)(5).

⁴ See BSE Rules, Paragraph 2039A, Section 33.

⁵ For a description of GTX Orders, See "GTX Orders" *infra*.

⁶ See Chapter IIB, Section 3(c)(i)-(ii).

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹¹

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-23240 Filed 9-7-99; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41809; File No. SR-BSE-99-12]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Boston Stock Exchange, Inc. Amending Its Revenue Sharing Program

August 30, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on July 30, 1999, the Boston Stock Exchange, Inc. ("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 BSE. The Commission is publishing this notice of 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 revise its Revenue Sharing Program to exclude non-BSE automated transaction fees.

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 BSE 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 BSE 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 purpose of the proposed rule change is to amend the Revenue Sharing Program highlighted on the BSE's Transaction Fee Schedule. Currently, the Exchange shares 50% of any excess monthly transaction related revenue above \$1,300,000 with those firms that generate \$50,000 in both BSE and non-BSE automated transaction fees. The Exchange proposes to exclude non-BSE automated transaction fees from this computation.³ Thus, under the proposed rule change, only firms that generate \$50,000 in BSE transaction fees will receive a share of excess revenue.⁴

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,⁵ in general, and furthers the objectives of Section 6(b)(4)⁶ in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members.⁷

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

The Exchange 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

The Exchange has not solicited or received comments on the proposed rule change.

³ Non-BSE automated transactions refer to trades executed through the New York Stock Exchange's Designated Order Turnaround (DOT) system. The Exchange wishes to tailor its Revenue Sharing Program to apply only to Base executed transactions. Telephone conversation between Kathy Marshall, Assistant Vice President, Finance, BSE, Richard Strasser, Assistant Director, Division of Market Regulation ("Division"), Commission, and Sonia Patton, Attorney, Division, Commission, on August 26, 1999.

⁴ Eligible firms will receive excess revenue in the form of a credit that will be applied toward each firm's total monthly transaction fees. See Securities Exchange Act Release No. 40591 (Oct. 22, 1998), 63 FR 58078 (Oct. 29, 1998).

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(4).

⁷ The Commission notes that the filing may raise questions concerning payment for order flow. To the extent that it does raise such issues, exchange members should consider any associated disclosure obligations, namely pursuant to Rules 10b-10 and 11 Ac1-3 under the Act, 17 CFR 240.10b-10 and 17 CFR 240.11Ac1-3, respectively.

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

The proposed rule change establishes or changes a due, fee, or other charge imposed by the BSE and, therefore, has become effective upon filing pursuant to Section 19(b)(3)(A)(ii) of the Act⁸ and Rule 19b-4(f)(2)⁹ thereunder. At any time within 60 days of the filing of such 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.¹⁰

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. 20549-0609. 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 BSE. All submissions should refer to the File No. SR-BSE-99-12 and should be submitted by September 29, 1999.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Margaret H. McFarland,

Deputy Secretary.

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⁸ 15 U.S.C. 78s(b)(3)(A)(ii)

⁹ 17 CFR 240.19b-4(f)(2).

¹⁰ In reviewing this rule change, the Commission has considered the proposal's impact on efficiency, competition, and capital formation, consistent with Section 3 of the Act. 15 U.S.C. 78c(f).

¹¹ 17 CFR 200.30-3(a)(12).

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19n-4.