SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–39433; File No. SR–CBOE–97–62]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Inc. Relating to Transaction Fees for Options on the Three Dow Jones Averages

December 11, 1997.

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 December 3, 1997, the Chicago Board Options Exchange, Inc. (''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 CBOE. 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 modify the Exchange transaction fees applicable to transactions in options based on Dow Jones & Company indexes (''Dow Jones'').

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 CBOE 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 CBOE 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 modify the large trade discount program applicable to transactions in options based on Dow Jones indexes, three of which began trading on October 6, 1997.[3] The fee changes, implemented by the Exchange pursuant to CBOE Rule 2.22, will be made retroactive to the launch of these products on October 6, 1997.

The Exchange believes that because of the relatively small size of the option contracts on the Dow Jones indexes, the current transaction fees have been somewhat of a disincentive for institutional trading. Consequently, the Exchange has decided to reduce the fees applicable to large trade (*i.e.* those trades of over 1000 contracts) for all market participants. Under the current Dow Jones large trade discount program, customer orders in excess of one thousand contracts have received a fifty percent discount on all contracts in excess of one thousand. As before, the Dow Jones program will be separate and distinct from the Large Trade Discount Program currently applicable to all other CBOE products.

Retroactive to the launch date of October 6, 1997,[4] the large trade discount program for the Dow Jones products will be:

Customer Orders

- First 1,000 contracts of an order are assessed regular transaction fees (same as current program):
- $0.40 per contract when the premium is $1 or more;
- $0.20 per contract when the premium is under $1.
- Contracts 1,001 and above of an order will receive a 100% discount. (The current program provides a 50% discount.)

Member Firm Proprietary Orders

- First 1,000 contracts are assessed regular transaction fees of $0.10 (same as current program).
- Contracts 1,001 and above will receive a 100% discount. (The current program does not provide a discount.)

Market-Makers on the Other Side of Large Orders

- All market-maker contracts on the other side of a Dow Jones customer or member firm proprietary order of more than 1,000 contracts will receive a 100% discount on transaction fees. The waiver of the transaction fee is applicable to all market-makers on the other side of the trade and is applicable to the entire order, not just the portion over 1,000 contracts.

Trade match fees of $0.04 per contracts and floor brokerage fees of $0.03 per contracts under the original program will not be changed. Large trade discounts will be calculated after each month end. Discounts will be credited to clearing firms in the following month's Exchange billing statements.

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) of the Act[6] in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other changes among CBOE members.

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

The Exchange does not believe that the proposed rule change will impose a 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. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change establishes or changes a due, fee, or other charge imposed by the Exchange and therefore has become effective pursuant to Section 19(b)(3)(A) of the Act[7] and subparagraph (e) of Rule 19b–4 thereunder.[8] At any time within 60 days of the filing of such 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,

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

[2] 17 CFR 240.19b–4.

[3] On September 3, 1997, the Commission approved CBOE's request to trade options on the following Dow Jones indexes, the Dow Jones Industrial Index (''DJX''), the Dow Jones Utilities Index (''DUX''), and the Dow Jones Transportation Index (''DTX''). *See* Securities Exchange Act Release Nos. 39011, 62 FR 47841 (September 11, 1997) (order approving File No. SR–CBOE–97–26); 39013, 62 FR 47845 (September 11, 1997) (order approving File No. SR–CBOE–97–28); and 39012, 62 FR 47850 (September 11, 1997) (order approving File No. SR–CBOE–97–27).

[4] The Exchange will recalculate October discounts with the intent of including credits in November billing statements sent to clearing firms. If programming changes are not completed by the end of November, the Exchange will endeavor to send checks to clearing firms in early December for October discounts.

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

[6] 15 U.S.C. 78f(b)(4).

[7] 15 U.S.C. 78s(b)(3)(A).

[8] 17 CFR 19b–4(e).

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. Persons making written submission should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. 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 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, 450 Fifth Street, NW., Washington, DC. Copies of such filing also will be available for inspection and copying at the CBOE. All submissions should refer to File No. SR–CBOE–97–62 and should be submitted by January 7, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[9]

Margaret H. McFarland,

Deputy Secretary.

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[9] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–39435; File No. SR–CBOE–97–55]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to the Telephone Policy for the S&P 100 Index (''OEX'') Options Post

December 11, 1997.

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 9, 1997, 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 and II 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 and approving this proposal on an accelerated basis.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The CBOE proposes to amend its current policy governing the use of member-owned or Exchange-owned telephones located at the post where Standard & Poor's 100 Index (''OEX'') options are traded to allow market makers to receive incoming telephone calls from locations outside the CBOE building on telephones at the OEX post.[1]

The text of the regulatory circular 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

The purpose of the proposed rule change is to amend the Exchange's current regulatory circular (Regulatory Circular 96–73) governing the use of telephones at the OEX option trading post by eliminating the restriction against market makers receiving incoming calls at the OEX post from locations outside of the Exchange building. According to the CBOE, when the OEX Floor Procedure Committee (''Committee'') recommended that the Exchange adopt a policy prohibiting market makers from receiving incoming calls at the OEX post, the Committee was concerned that the receipt of telephone calls would interfere with the market makers' fulfillment of their duties to make markets and fill orders. However, the CBOE notes that all other trading posts on the CBOE's floor have successfully allowed market makers to receive incoming calls without any detrimental effects on the conduct of business at those locations. In fact, the Exchange has found that allowing market makers to receive incoming calls can allow them to stay in contact with outside parties who can provide information to the market makers that may assist them in performing their duties.

[1] The Commission approved the Regulatory Circular (Regulatory Circular 96–73) containing the current OEX telephone policy on July 26, 1996. *See* Securities Exchange Act Release No. 37487 (July 26, 1996), 61 FR 40686 (August 5, 1996) (order approving File No. SR–CBOE–96–14).

The proposed change to allow market makers to receive incoming calls will make the OEX telephone policy consistent with the telephone policy at all other trading locations on the CBOE's floor in this respect. Under the proposal, the Exchange will allow market makers to have their own dedicated telephone or telephone line if space permits. The Exchange will retain the discretion to decide whether a market maker may have its own telephone or a dedicated line on an Exchange telephone depending on the space restrictions in the post.

The Exchange also is amending the OEX telephone installation application and agreement to reflect the proposed change.

The Exchange believes the proposed rule change will allow market makers to better perform their duties by giving them more open access to outside information. In addition, the proposed change will make the OEX telephone policy consistent with the policies elsewhere on the Exchange floor. For the foregoing reasons, the Exchange believes the rule proposal is consistent with and furthers the objectives of Section 6(b)(5) of the Act, in that it is designed to perfect the mechanisms of a free and open market and to protect investors and the public interest by providing better access to the OEX post.

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

The CBOE has requested that the proposed rule change be given accelerated effectiveness pursuant to