

5. The terms of the transactions will be reasonable and fair to the Holders of the Securities issued by each Trust and will not involve overreaching of the Trust or the Holders of Securities of the Trust on the part of any person concerned.

6. The fee, spread, or other remuneration to be received by DLJ will be reasonable and fair compared to the fee, spread, or other remuneration received by dealers in connection with comparable transactions at such time, and will comply with section 17(e)(2)(C) of the Act.

7. Before any Treasuries are purchased by the Trust, the Trust must obtain such available market information as it deems necessary to determine that the price to be paid for, and the terms of, the transaction are at least as favorable as that available from other sources. This will include the Trust obtaining and documenting the competitive indications with respect to the specific proposed transaction from two other independent government securities dealers. Competitive quotation information must include price and settlement terms. These dealers must be those who, in the experience of the Trust's trustees, have demonstrated the consistent ability to provide professional execution of Treasury transactions at competitive market prices. They also must be those who are in a position to quote favorable prices.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39805; File No. SR-AMEX-98-13]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the American Stock Exchange, Inc. Relating to the Distribution of Amendments to Characteristics and Risks of Standardized Options

March 25, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1935 ("Act"),<sup>1</sup> notice is hereby given that on March 19, 1998, the American Stock Exchange, Inc. ("Amex" 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 Amex proposes to amend Exchange Rule 926 to permit members and member organizations to distribute amendments to the current Options Disclosure Document<sup>2</sup> only to those account holders affected by the amendment.

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

From the commencement of options trading until 1982, Federal securities laws required that a current prospectus of the issuer, The Options Clearing Corporation ("OCC"), be delivered to prospective options investors. In 1982, the Commission recognized that the prospectus, which included detailed information about OCC in order to meet the registration requirements of the Securities Act of 1933, had become a complicated and lengthy document and in response, adopted Rule 9b-1 under the Act.<sup>3</sup> Thereafter, on April 30, 1986, the Exchange received Commission approval to consolidate its then existing

multiple options disclosure documents into a single document entitled Characteristics and Risks of Standardized Options (the "Options Disclosure Document") for distribution to each options customer as required by Rule 9b-1 of the Act<sup>4</sup> and Exchange Rule 926. Rule 926 requires that the Options Disclosure Document be delivered to each customer at or prior to the time such customer's account is approved for options trading. Recognizing that the Options Disclosure Document would be amended from time to time, the Rule also requires that the amended Options Disclosure Document be distributed to individuals continuing to engage in options transactions.

The Exchange now proposes to amend Rule 926 to permit members and member organizations to distribute amendments to the Options Disclosure Document only to those customers who engage in transactions in the products discussed in the amendment. For example, in October 1996 the Options Disclosure Document was amended to accommodate the introduction of flexibly structured stock options (known as E-FLEX options). Prior to the consolidation of options disclosure documents in 1986, such an amendment would be distributed only to those investors affected by the change (*i.e.*, those accounts approved for E-FLEX options transactions). However, under current Rule 926, the entire amended Options Disclosure Document was required to be distributed to every customer having an account approved for options trading (regardless of whether the account had been approved for E-FLEX transactions) or, in the alternative, distributed not later than the time a confirmation of an options transaction was delivered to each customer. Thus, the Options Disclosure Document was required to be distributed not only to customers who had participated in an E-FLEX option transaction, but to all customers including those who had not participated in E-FLEX option transactions and did not need the additional information discussed in the amendment. The Exchange believes such unnecessary distribution, in addition to being an expensive burden to the member firms, may cause confusion among customers.

The Exchange proposes to amend Rule 926 to prevent the unnecessary distribution of the amended Options Disclosure Document to customers who have not engaged in a transaction in the category of options to which the

<sup>2</sup> Amex Rule 926 defines current Options Disclosure Document as the most recent edition of such Document which meets the requirements of Rule 9b-1 promulgated under the Securities Exchange Act of 1934.

<sup>3</sup> Securities Exchange Act Release No. 19055 (September 16, 1982), 47 FR 41950 (September 23, 1982).

<sup>4</sup> Securities Exchange Act Release No. 23189 (April 30, 1986), 51 FR 17120.

<sup>1</sup> 15 U.S.C. 78s(b)(1).

amendment pertains. The proposed rule change will continue to require that members and member organizations provide customers engaged in options transactions with all necessary risk disclosure documentation in compliance with the requirements of Rule 9b-1 of the Act.<sup>5</sup>

## 2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act in general and furthers the objectives of Section 6(b)(5) in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and is not designed to permit unfair discrimination between customers, issuers, and brokers or dealers.

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

The proposed rule change will impose no 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

Because the foregoing proposed rule change:

- (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 become operative for 30 days from March 19, 1998, the date on which it was filed, or such shorter time as the Commission may designate, and the Exchange provided the Commission with written notice of its intent to file the proposed rule change at least five business days prior to the filing date, it has become effective pursuant to Section 19(b)(3)(A)<sup>6</sup> of the Act and Rule 19b-4(e)(6) thereunder.<sup>7</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change 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 Amex. All submissions should refer to the File No. SR-AMEX-98-13 and should be submitted by April 23, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39804; File No. SR-CHX-98-06]

### **Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 to the Proposed Rule Change by the Chicago Stock Exchange, Inc. Relating to Registration Requirements**

March 25, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on February 18, 1998, the Chicago Stock Exchange, Inc. ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described

in Items I, II, and III below, which Items have been prepared by the CHX.<sup>2</sup> 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 CHX proposes to replace the current text of CHX Article VI, "Restrictions and Requirements," Rule 2, "Registration and Approval of Member and Member Organization Personnel," with a new Article VI, Rule 2 that will clarify which associated persons are required to register with, or be acceptable to, the CHX.

Copies of the proposed rule change are available at the CHX 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 CHX 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 CHX has prepared summaries, set forth in Section 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

CHX Article VI, Rule 2 governs the registration and approval of member and member organization personnel and other associated persons. The proposed rule change is intended to clarify those persons who are required to register with the Exchange and those persons associated with a member or member organization that must be acceptable to the CHX. In this regard, the CHX's proposal retains a provision currently found in CHX Article VI, Rule 2 which states that every other employee (in addition to registered persons) and persons associated with a member or member organization must also be acceptable to the Exchange.

<sup>2</sup> On March 18, 1998, the CHX amended its proposal to clarify the text of CHX Article VI, Rule 2. See Letter from Patricia L. Levy, Senior Vice President and General Counsel, CHX, to Katherine A. England, Division of Market Regulation ("Division"), Commission, dated March 17, 1998 ("Amendment No. 11"). Specifically, Amendment No. 1 revises the CHX's proposal to state that registered persons, as defined in CHX Article VI, Rule 2(b), must register with the CHX.

<sup>5</sup> The Commission notes that the proposed rule is substantively similar to the rules of other exchanges regarding the distribution of amendments to an Options Disclosure Document. See CBOE Rule 9.15(a); PHLX Rule 1029(a).

<sup>6</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>7</sup> CFR 240.19b-4(e)(6). 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).

<sup>8</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).