

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following meeting during the week of April 5, 1999.

A closed meeting will be held on Tuesday, April 6, 1999, at 10:00 a.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(4), (8), (9)(A) and (10) and 17 CFR 200.402(a)(4), (8), (9)(i) and (10), permit consideration of the scheduled matters at the closed meeting.

Commissioner Unger, as duty officer, voted to consider the items listed for the closed meeting in a closed session.

The subject matter of the closed meeting scheduled for Tuesday, April 6, 1999, at 10:00 a.m., will be:

Institution and settlement of administrative proceedings of an enforcement nature.

Institution and settlement of injunctive actions.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact: The Office of the Secretary at (202) 942-7070.

Dated: March 30, 1999.

Jonathan G. Katz,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41214; File No. SR-CBOE-99-02]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change and Amendment No. 1 by the Chicago Board Options Exchange, Inc. Relating to the Definition of Expiration Month for Purposes of Determining Log-On Obligations for the Retail Automatic Execution System

March 25, 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 January 14, 1999, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change. The Exchange filed an amendment to its proposal on February 23, 1999.³ The proposed rule change, as amended, is described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice and order to solicit comments on the proposed rule change and Amendment No. 1 from interested persons and to approve the proposal, as amended, on an accelerated basis.

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

The Exchange proposes to codify the definition of an expiration month for purposes of determining compliance with the Retail Automatic Execution System ("RAES") log-on requirement for market-makers of options on the Standard & Poor's 100 Index ("OEX") and the Dow Jones Industrial Average ("DJX"), as detailed in Exchange Rule 24.17. The text of the proposed rule change is available at the Office of the Secretary, CBOE and at the Commission.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Letter from Stephanie C. Mullins, Attorney, CBOE, to Richard Strasser, Assistant Director, Division of Market Regulation, Commission, dated February 22, 1999 ("Amendment No. 1"). Amendment No. 1 redesignated the proposal pursuant to Section 19(b)(2) and requested accelerated approval of the proposed rule change. In addition, the amendment added language to CBOE Rule 24.17 defining expiration month for options on both the Standard & Poor's 100 Index and the Dow Jones Industrial Average.

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 III 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

The purpose of the proposed rule change is to codify the definition of an expiration month for purposes of determining compliance with the RAES log-on requirement for market-makers of OEX and DJX options, as detailed in Exchange Rule 24.17. Pursuant to Exchange Rule 24.17(b)(iii), once a market-maker has logged on to RAES at any time during an expiration month, he or she must continue to do so each time he or she is present in the trading crowd until the next expiration. For this purpose, the Exchange is codifying the definition of an expiration month for OEX options as the period from the Monday immediately following an expiration Saturday through the Friday immediately preceding the next successive expiration Saturday.⁴

When DJX RAES obligations were first established in October 1997, the Exchange applied the same RAES log-on obligations as those for OEX options.⁵ In consideration of the fact that expiring DJX options contracts cease trading at the close of business on the Thursday immediately preceding an expiration and that the new near-term series become the RAES eligible series on that Friday, however, the Exchange has determined that applying the same definition of an expiration month for options on both OEX and DJX is unworkable. Accordingly, the Exchange is codifying the definition of an expiration month for DJX RAES log-on obligation purposes as the period from the Friday immediately preceding an expiration Saturday through the

⁴ See Amendment No. 1.

⁵ See Securities Exchange Act Release No. 39202 (October 3, 1997) 62 FR 53358 (October 14, 1997).

Thursday immediately preceding the next successive expiration Saturday.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Act,⁶ in general, and furthers the objectives of Section 6(b)(5),⁷ in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, and processing information with respect to, and facilitating transactions in securities, and to protect investors and the public interest.

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

The Exchange has neither solicited nor received written comments on 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 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 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 CBOE. All submissions should be refer to File No. SR-CBOE-99-02 and should be submitted by April 23, 1999.

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

IV. Commission's Findings and Order Granting Accelerated Approval of the Proposed Rule Change

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations under the Act applicable to a national securities exchange and, in particular, with the requirements of Section 6(b) of the Act.⁸ Specifically, the Commission believes the proposal is consistent with the Section 6(b)(5)⁹ requirements that the rules of an exchange be designed to promote just and equitable principles of trade, 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 national market system and, in general, to protect investors and the public interest.¹⁰

RAES log-on obligations attempt to ensure continued adequate RAES participation by market-makers in every type of market situation, without the Exchange having to assign an inordinate number of RAES trades to any particular market-maker.¹¹ The Commission notes that market-makers who violate the RAES log-on obligations are subject to disciplinary action by the Exchange, including fines and suspension from participation in RAES.¹² Accordingly, the Commission believes it is appropriate for the Exchange to provide a precise and appropriate definition of an expiration month for both OEX and DJX options. Based on the differing expiration date for OEX and DJX options, the Commission believes it is reasonable to use different definitions for expiration month as it relates to RAES obligations.

The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice thereof in the **Federal Register**. As CBOE notes, the definition of an expiration month is used solely as an internal rule within the Exchange to determine whether members are meeting their RAES log-on requirements.¹³ Accelerated approval of

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ In approving this rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹¹ See Securities Exchange Act Release No. 37313 (June 14, 1996) 61 FR 32470 (June 21, 1996).

¹² See Securities Exchange Act Release No. 37464 (June 22, 1996) 61 FR 39175 (July 26, 1996); Exchange Rules 24.17(f) and (g).

¹³ See Amendment No. 1.

the proposal will help facilitate the market-makers' compliance with their RAES log-on obligations and the Exchange's regulatory overview of its members without delay. The Commission approved a similar rule change by CBOE regarding options on Standard & Poor's 500 Stock Index.¹⁴ Accordingly, the Commission does not believe that the current filing raises any novel regulatory issues. For the foregoing reasons, the Commission believes it is consistent with Section 6(b)(5)¹⁵ and Section 19(b)(2)¹⁶ of the Act to grant accelerated approval to the proposed rule change.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR-CBOE-99-02) is approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁷

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 99-8145 Filed 4-1-99; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41219; File No. SR-NSCC-98-11]

Self-Regulatory Organizations; National Securities Clearing Corporation; Order Approving a Proposed Rule Change to Modify Rules Regarding Mutual Fund Services Transfer Service

March 26, 1999.

On July 30, 1998, National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-NSCC-98-11) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").¹ Notice of the proposal was published in the **Federal Register** on October 21, 1998.² No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

I. Description

The rule change modifies NSCC's rules relating to its Mutual Fund

¹⁴ See Securities Exchange Act Release No. 37349 (June 21, 1996) 61 FR 33787 (June 28, 1996).

¹⁵ 15 U.S.C. 78f(b)(5).

¹⁶ 15 U.S.C. 78s(b)(2).

¹⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² Securities Exchange Act Release No. 40549 (October 14, 1998), 63 FR 56280.