submitted Amendment No. 1 to its proposal.[4] This order approves the proposal.

II. Description of the Proposal

The purpose of the proposed rule change is to amend one of the four Rule 24.16 requirements SPX market makers must meet to qualify for participation in RAES. RAES is the Exchange's automatic execution system for small (generally fewer than 10 contracts) public customer market or marketable limit orders. When RAES receives an order, the system automatically will attach to the order its execution price, determined by the prevailing market quote at the time of the order's entry into the system. A buy order will pay the offer; a sell order will sell at the bid. An eligible SPX market maker who is signed onto the system at the time the order is received will be designated to trade with the public customer order at the assigned price.

Rule 24.16(a)(iv), RAES Eligibility in SPX, currently states that for a market maker to qualify to participate in SPX RAES that market maker must: (A) be approved under Exchange rules as a market maker with a letter of guarantee, (B) maintain his principal business on the CBOE as a market maker, (C) execute at least seventy-five percent of his market maker contracts for the preceding month in SPX options (''75% SPX requirement''), and (D) execute at least seventy-five percent of his market maker trades for the preceding month in SPX options in person. These requirements generally seek to ensure that those market makers who are satisfying the public customer orders at the prevailing bid or offer are the same market makers who have made a commitment to make markets on a regular basis at the SPX post.

According to the Exchange, however, a number of market makers who regularly make markets in SPX nevertheless fail to execute seventy-five percent of their market maker contracts for the preceding month in SPX options. In many cases, these market makers fail to meet the 75% SPX requirement because they execute a large percentage of contracts in S&P 100 (''OEX'') options on the floor of the Exchange to hedge their SPX positions. Because SPX and OEX options are legitimate hedge vehicles for each other, the Exchange does not believe a market maker who makes markets regularly in SPX options, but who employs these hedge strategies, should be prevented from contributing to the Exchange's efforts to execute small public customer RAES orders. Consequently, the Exchange proposes that the 75% SPX requirement be reduced to a 50% requirement.

III. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, the requirements of Section 6(b)(5),[5] in that it is designed to promote just and equitable principles of trade, prevent fraudulent and manipulative acts and practices, and maintain fair and orderly markets.

In its filing, the Exchange states that the proposed change should increase the number of market makers available to execute public customer RAES orders, while ensuring that the orders are filled by market makers who are best equipped to handle these orders. Hence, the 50% requirement would ensure that a market maker assigned a RAES trade would have transacted at least as many market maker contracts in SPX options as that market maker had transacted in all other products on the CBOE floor combined. Moreover, the Exchange notes that the requirement of its Rule 24.16(b) that any market maker who has logged onto RAES at any time during an expiration month must continue to do so each time he is present in the trading crowd until the next expiration will continue to apply. The Exchange believes that this should ensure that a larger number of market makers generally will be available to participate on RAES on any particular day.

The Commission believes that the presence of an adequate number of market makers protects investors and contributes to the maintenance of a fair and orderly market. The Commission believes that the proposal furthers this goal by helping the Exchange to maintain the continued availability of RAES for SPX options, thereby contributing to the effective and efficient execution of public investor orders at the best available prices. The Commission agrees with the CBOE that lowering the 75% SPX requirement to one of 50% will ensure that the affected market makers will continue to be those best equipped to handle RAES orders in SPX options given that at least half of their CBOE transactions will continue to be in SPX options.

The Commission finds good cause for approving Amendment No. 1 to the proposed rule change prior to the thirtieth day after the date of publication of notice thereof in the Federal Register. Amendment No. 1 merely serves to effect technical changes to the Exchange's proposal and does not materially affect the proposal.[6] Accordingly, the Commission believes there is good cause, consistent with Sections 6(b)(5) and 19(b)(2) of the Act, to approve Amendment No. 1 to the proposal on an accelerated basis.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning Amendment No. 1. 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 the CBOE. All submissions should refer to File No. SR–CBOE–96–19 and should be submitted by July 19, 1996.

V. Conclusion

For the reasons discussed above, the Commission finds that the proposal is consistent with the Act, and, in particular, Section 6 of the Act.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[7] that the proposed rule change (File No. SR–CBOE–96–19) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[8]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–16521 Filed 6–27–96; 8:45 am]

BILLING CODE 8010–01–M

[4] Amendment No. 1 effects a technical change to the proposal by replacing the term ''regulatory circular'' with the term ''proposed rule change'' in three different places in the filing; the last sentence of Item 1, the first line of Item 9, and the last sentence of Section I of Exhibit 1. Letter from Timothy Thompson, CBOE, to Michael Walinskas, Special Counsel, Office of Market Supervision, Division of Market Regulation, Commission, dated March 21, 1996 (''Amendment No. 1'').

[5] 15 U.S.C. § 78f(b)(5) (1988).

[6] *See* Amendment No. 1, *supra* note 4.

[7] 15 U.S.C. § 78s(b)(2) (1988).

[8] 17 CFR 200.30–3(a)(12).

[Release No. 34–37355; File No. SR–Phlx–96–18]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. to Trade a European-style National Over-the-Counter Index Option

June 24, 1996.

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 May 28, 1996, the Philadelphia Stock Exchange, Inc. (''Phlx'' 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 self-regulatory organization. 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 Phlx, pursuant to Rule 19b–4 under the Act,[1] proposes to change the exercise style of the National Over-the-Counter Index (''Index'') option, currently trading with the symbol XOC, from American-style [2] to European-style. A European-style option, pursuant to Phlx Rule 1000(b)(35), means an option contract that can be exercised only on the day it expires. The new European-style option will trade with the current symbol XOC. The Exchange also will convert the existing American-style XOC options to the symbol XOV.[3] American-style options will continue to trade until expiration or until no open interest remains, at which time the series will be delisted. No new American-style series will be opened after the European-style index option begins trading.

In order to effectuate this change, an amendment to Floor Procedure Advice G–1, Exercise Requirements, is required. Advice G–1 governs the exercise of index options, requiring that a memorandum to exercise any American-style index option must be received or prepared by the Phlx member organization no later than 4:30 p.m. Because the Index is presently an American-style index option, this Advice must be amended to delete reference to the Index. The corresponding Exchange rule, Rule 1042(a), will also apply, but does not require an amendment.

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

1. Purpose

The Phlx began trading the Index in 1985.[4] The Index is a capitalization-weighted market (broad-based) index composed of the 100 largest capitalized stocks trading over-the-counter. The Index has traded on the Phlx for over ten years, generally garnering steady volume and open interest. At this time, the Exchange seeks to improve upon the success of the Index by changing one contract specification, relating to the ability to exercise the Index option.

The purpose of this proposal is to allow the Exchange to offer a European-style option based on the Index. The Exchange has received requests to change the expiration style, indicating that many investors prefer to trade index options that cannot be exercised except on the day they expire. European-style index options have certain advantages, including the elimination of the risk of early exercise. For instance, investors holding spread positions would not have to be concerned that one leg of a short position can be exercised prior to expiration. In general, sellers will benefit from the European exercise feature, because absent concern about early exercise, they can engage in long-range planning and strategies.

However, the Exchange has proposed to continue trading the American-style option until the listed series expire or no longer have open interest. Thus, the contract terms of existing American-style XOC options will not suddenly be changed, keeping intact their ability to exercise early. The Exchange also proposes to provide adequate notice of the new European-style option by way of memoranda to the Exchange membership. Except during the wind-down period explained above, the Exchange does not intend to continue trading American-style options side-by-side with European-style options on the Index. In order to prevent a proliferation of strike prices respecting a similar product, it has determined instead to trade only the European-style option.

In order to preserve the investment community's familiarity with the symbol XOC, the Exchange proposes to retain the use of this symbol for the new European-style options on the Index and convert the existing American-style options on the Index from the symbol XOC to XOV. The Exchange intends to effectuate this conversion as soon as is practicable in order to allow a period of time for Index traders and investors to become accustomed to the new symbol. Upon approval of the proposed rule change, the Exchange will list European-style options on the Index utilizing the symbol XOC.

2. Statutory Basis

The proposed rule change is consistent with Section 6 of the Act,[5] and, in particular, with Section 6(b)(5) of the Act, in that it is designed to promote just and equitable principals of trade and facilitate transactions in securities, while protecting investors and the public interest, by providing a European-style index option on the Index, which will permit exercise only on the day it expires. Specifically, the Exchange believes that the benefits of the European-style exercise feature combined with the interest in the Index during the past ten years of trading on the Exchange should foster a deep and liquid market for the Index option, thus facilitating transactions. At the same time, the Exchange believes that Index investors should not be disadvantaged by the proposal, because the Exchange will provide adequate notice and an orderly procedure, as American-style options are phased out and the new European-style options are introduced.

[1] 17 CFR 240.19b–4.

[2] An American-style option, pursuant to Phlx Rule 1000(b)(34), means an option contract that may be exercised at any time from the opening of the position until its expiration.

[3] The Exchange notes that certain wrap-around symbols are utilized respecting the Index, such that XOC and XOV will not be the only symbols in use. A wrap-around situation occurs when the strike price codes A–T indicating the strike price of an option (from 5 to 100) have been used and additional strike prices require listing the option with a different root symbol. For example, XOX and XOW are currently used for wrap-around situations respecting the Index.

[4] *See* Securities Exchange Act Release No. 22044 (May 17, 1985), 50 FR 21532 (May 24, 1985) (File Nos. SR–Phlx–84–28 and SR–Phlx–85–110.

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

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

The Phlx does not believe that the proposed rule change will impose any inappropriate 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 either solicited or received.

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

Within 35 days of the 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 self-regulatory organization 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. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 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 at 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–Phlx–96–18 and should be submitted by July 19, 1996.

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

Margaret H. McFarland

Deputy Secretary.

[FR Doc. 96–16575 Filed 6–27–96; 8:45 am]

BILLING CODE 8010–01–M

SOCIAL SECURITY ADMINISTRATION

Privacy Act of 1974; Report of Revised Routine Use

AGENCY: Social Security Administration (SSA).

ACTION: Revised Routine Use.

SUMMARY: In accordance with the Privacy Act (5 U.S.C. 552a(e)(4) and (11)), we are issuing public notice of our intent to revise a routine use applicable to the Master Files of Social Security Number (SSN) Holders and SSN Applications, SSA/OSR, 09–60–0058. The title of this system previously referred to ''HHS'' (an acronym for Department of Health and Human Services). We have deleted this reference as SSA is now independent of the HHS. (For convenience, we will refer to this system of records as the Enumeration System.) The proposed revision will allow SSA to disclose SSNs to Federal, State and local entities for use in income-maintenance and health-maintenance programs, such as general assistance, food stamps and Medicaid, where such use is authorized by Federal statute.

We invite public comment on this publication.

DATE: We filed a report of an altered system of records—revised routine use with the Chairman, Committee on Government Reform and Oversight of the House of Representatives; the Chairman, Committee on Governmental Affairs of the Senate; and the Administrator, Office of Information and Regulatory Affairs, Office of Management and Budget on June 18, 1996. The routine use will become effective as proposed, without further notice August 7, 1996, unless we receive comments on or before that date that result in a contrary determination.

ADDRESSES: Interested individuals may comment on this publication by writing to the SSA Privacy Officer, Social Security Administration, Room 3–A–6 Operations Building, 6401 Security Boulevard, Baltimore, Maryland 21235. Comments may be faxed to (410) 966–0869. All comments received will be available for public inspection at that address.

FOR FURTHER INFORMATION CONTACT: Mr. Ron Martorana, Social Insurance Specialist, Office of Disclosure Policy, Social Security Administration, 3–D–1 Operations Building, 6401 Security Boulevard, Baltimore, Maryland 21235, telephone 410–965–1745.

SUPPLEMENTARY INFORMATION:

A. Discussion of Proposed Routine Use

In the mid 70's, SSA published a routine use in the Federal Register allowing the Agency to disclose SSNs to State welfare offices for use in determining individuals' eligibility for benefits under the Aid to Families with Dependent Children (AFDC) program. At that time, section 402(a)(25) of the Social Security Act (the Act) required individuals applying for AFDC to provide their SSN to State welfare agencies; the SSN, thus, was a condition of eligibility.

Section 402(a)(25) of the Act has since been amended to provide that AFDC applicants furnish this information as required by section 1137 of the Act. Under section 1137, individuals applying to States for, not only AFDC, but also Medicaid, unemployment compensation under section 3304 of the Internal Revenue Code of 1986, the food stamp program under the Food Stamp Act of 1977 and any State program under a plan approved under title I, X, XIV, or XVI of the Act, must furnish their SSN as a condition of eligibility. In addition, section 205(c)(2)(C) of the Act provides that State agencies may require applicants for general assistance programs to furnish their SSN for identification purposes. We therefore are proposing to revise the current routine use allowing disclosure of SSNs to States for AFDC purposes, to include disclosure of SSNs to Federal, State and local entities for use in administering other income-maintenance and health-maintenance programs, such as those listed above, where such use of the SSN is authorized by Federal law. (SSA already validates SSNs for these agencies.) Routine use number two in the Enumeration System is revised to read:

SSA will disclose SSNs to Federal, State and local entities for the purpose of administering income-maintenance and health-maintenance programs, where such use of the SSN is authorized by Federal statute.

This revision will allow SSA to disclose SSNs on a consistent basis for all Federal, State and locally administered income-maintenance and health-maintenance programs when a Federal law authorizes the use of the SSN in such programs.

A notice of the Enumeration System, to which the routine use will apply, was last published in the Federal Register at 60 FR 52948, October 11, 1995.