

Instruction and settlement of administrative proceedings of an enforcement nature.

Institution and settlement of injunctive action.

Formal order of investigation.

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: July 19, 1996.

Jonathan G. Katz,

Secretary.

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[Release No. 34-37441; File Nos. SR-Amex-96-24; SR-CBOE-96-41; SR-NYSE-96-19; SR-PSE-96-18; and SR-Phlx-96-22]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Changes by the American Stock Exchange, Inc., Chicago Board Options Exchange, Inc., New York Stock Exchange, Inc., Philadelphia Stock Exchange, Inc., and Pacific Stock Exchange, Inc., Relating to an Extension of the 2½ Point Strike Price Pilot Program

July 15, 1996.

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 June 3, 1996, the Philadelphia Stock Exchange, Inc. ("Phlx"); on June 11, 1996, the Pacific Stock Exchange, Inc. ("PSE"); on June 28, 1996, the Chicago Board Options Exchange, Inc. ("CBOE"); on July 3, 1996, the American Stock Exchange, Inc. ("Amex"); and on July 12, 1996, the New York Stock Exchange, Inc. ("NYSE") (collectively the "Exchanges") filed with the Securities and Exchange Commission ("Commission") the proposed rule changes as described in Items I and II below, which Items have been prepared by the Exchanges. The PSE submitted to the Commission Amendment No. 1 to its proposal on July 2, 1996.³ The Phlx submitted to the Commission

Amendment No. 1 to its proposal on July 9, 1996.⁴ The Commission is publishing this notice to solicit comments on the proposed rule changes from interested persons, and to grant accelerated approval of the proposed rule changes.

I. Self-Regulatory Organizations' Statement of the Terms of Substance of the Proposed Rule Changes

The Exchanges propose to extend for one-year (*i.e.*, July 18, 1997) the Exchanges' pilot program whereby the Exchanges may select a certain number of their listed options for inclusion in a pilot program for the listing of strike prices at 2½ point intervals. The text of the proposed rule changes is available at the Office of the Secretary, the Exchanges, and at the Commission.

II. Self-Regulatory Organizations' Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Changes

In their filings with the Commission, the Exchanges included statements concerning the purpose of and basis for the proposed rule changes. The text of these statements may be examined at the places specified in Item IV below. The Exchanges have prepared summaries, set forth in Sections (A), (B), and (C) below, of the most significant aspects of such statements.

(A) Self-Regulatory Organizations' Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Changes

The Commission has previously approved a pilot program proposed by the Exchanges to list selected options trading at a strike price greater than \$25 but less than \$50 at 2½ point intervals (*i.e.*, 27½, 32½, 37½, 42½ and 47½).⁵ Pursuant to the pilot program, the Exchanges are permitted to use such 2½ point strike price intervals for a joint total of up to 100 option issues. Each exchange may select 10 options plus a percentage of the remaining 50 options equal to that exchange's pro rata share of the total number of equity options listed by the Exchanges.⁶

⁴ In Amendment No. 1, the Phlx indicated that the pilot period extension will expire on July 18, 1997. See Letter from Edith Hallahan, Special Counsel, Regulatory Services, Phlx, to John Ayanian, Attorney, OMS, Market Regulation, Commission, dated July 9, 1996 ("Phlx Amendment No. 1").

⁵ See Securities Exchange Act Release No. 35993 (July 19, 1995), 60 FR 38073 (July 25, 1995) (File Nos. SR-Phlx-08, SR-Amex-95-12, SR-PSE-95-07, SR-CBOE-95-19, SR-NYSE-95-12) ("2½ Point Strike Price Approval Order").

⁶ The actual allotment of option issues for each exchange is: CBOE (28), Amex (22), Phlx (18), PSE, PSE (18), and NYSE (14).

When more than one exchange selects a multiply-traded option for its allotment, the Options Clearing Corporation ("OCC") will determine which exchange will be deemed to have selected the option according to the procedures agreed upon by the Exchanges. They have agreed that an exchange ("Selecting Exchange") intending to list 2½ point strikes on an option will inform OCC of its selection by submitting a notice ("Selection Notice") to OCC between the hours of 8:30 a.m. and 12:00 Noon (Central Time). In the event that more than one exchange submits a Selection Notice to the OCC for the same multiple-traded option, the exchange which first submits a Section Notice to the OCC will be deemed to be the Selecting Exchange for that option. Such option will count toward the allotment of the Selecting Exchange, but not toward the allotment of any other exchange submitting a Selection Notice under the terms of the pilot program.

Each of the Exchanges has also submitted a report to the Commission that includes data and written analysis regarding the operation of the pilot program during the previous year, as required in the 2½ Strike Price Approval Order.⁷ The Exchanges generally believe that the pilot program has provided customers greater opportunities and flexibility to tailor their options positions, while enhancing the depth and liquidity of the markets in the selected options classes.

Each exchange has stated that it believe its respective 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 the joint proposal 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, brokers or dealers.

(B) Self-Regulatory Organizations' Statement on Burden on Competition

The Exchanges believe that the proposed rule changes will impose no burden on competition.

⁷ In the 2½ Point Strike Price Approval Order, the Commission required that each Exchange submit a report before the Commission would review a proposal to extend the pilot program beyond the initial twelve-month period.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ In Amendment No. 1, PSE withdraws its request for permanent approval of the pilot program, and requests a one-year extension of the pilot program, so that it will continue through July 18, 1997. See Letter from Michael Pierson, Senior Attorney, PSE, to John Ayanian, Attorney, Office of Market Supervision ("OMS"), Division of Market Regulation ("Market Regulation"), Commission, Dated July 1, 1996 ("PSE Amendment No. 1").

(C) Self-Regulatory Organizations' Statement on Comments on the Proposed Rule Changes Received From Members, Participants or Others

No written comments were solicited or received with respect to the proposed rule changes.

III. Commission's Findings and Order Granting Accelerated Approval

The Commission finds that the proposed rule changes are 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) of the Act.⁸ Specifically, the Commission believes that the proposed extension of the pilot program providing for the listing of 2½ point strike price intervals in selected equity options will continue to provide investors with more flexibility in the trading of equity options with a strike price greater than \$25 but less than \$50, thereby furthering the public interest by allowing investors to establish equity options positions that are better tailored to meet their investment objectives. The Commission also believes that the Exchanges' proposal strikes a reasonable balance between the Exchanges' desire to accommodate market participants by offering a wide array of investment opportunities and the need to avoid excessive proliferation of options series. The Commission expects the Exchanges to continue to monitor the applicable equity options activity closely to detect any proliferation of illiquid options series resulting from the narrower strike price intervals and to act promptly to remedy this situation should it occur.

In the event the Exchanges propose to (1) extend the pilot program beyond the twelve month period, (2) expand the pilot program beyond the initial 100 option classes, or (3) seek permanent approval of the pilot program, they should submit a report to the Commission with such proposal. The report should cover the period from May 20, 1996 to one expiration month prior to the filing of the proposal, and should include data and written analysis on the open interest and trading volume in affected series, and delisted options series (for all strike price intervals) on the selected pilot program option classes. The report should also discuss any capacity problems that may have arisen during the pilot program and any other data relevant to the analysis of the pilot program, including an assessment of the appropriateness of

the 2½ point strike price intervals for the options selected by the reporting exchange.

The Commission finds good cause for approving the proposed rule changes and Phlx Amendment No. 1 and PSE Amendment No. 1 prior to the thirtieth day after the date of publication of notice of filing thereof in the Federal Register. As mentioned above, the Exchanges submitted separate reports to the Commission that include data and written analysis regarding the operation of the pilot program as required in the 2½ Strike Price Approval Order. The Commission notes that the Exchanges have not reported any significant problems with the pilot program since its inception and that the Exchanges will continue to monitor the pilot program to ensure that no problems arise. Finally, no adverse comments have been received by the Exchanges or the Commission concerning the pilot program. Based on the above, the Commission believes good cause exists to approve the extension of the pilot program through July 18, 1997, on an accelerated basis. Accordingly, the Commission believes that granting accelerated approval of the proposals is appropriate and consistent with Sections 6(b)(5) and 19(b)(2) of the Act.

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, 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 Exchanges. All submissions should refer to File Nos. SR-Amex-96-24; SR-CBOE-96-41; SR-NYSE-96-19; SR-PSE-96-18; and SR-Phlx-96-22 and should be submitted by August 13, 1996 the date of this publication.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁹ that the pilot program proposed by the Exchange (File Nos. SR-Amex-96-24; SR-CBOE-96-41; SR-NYSE-96-19; SR-PSE-96-18; and SR-Phlx-96-22) is approved through July 18, 1997, on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Margaret H. McFarland,
Deputy Secretary.

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SOCIAL SECURITY ADMINISTRATION

Representative Payment Advisory Committee; Meeting

AGENCY: Social Security Administration (SSA).

ACTION: Notice.

DATES: September 25-26, 1996, 8:30 a.m.-4:30 p.m.

ADDRESSES: Social Security Administration Headquarters, Altmeyer Multi-Purpose Auditorium, 6401 Security Blvd., Baltimore, MD 21235.

SUPPLEMENTARY INFORMATION: Type of meeting: The meeting is open to the public.

Purpose: In accordance with section 10(a)(2) of the Federal Advisory Committee Act, the Social Security Administration (SSA) announces the seventh meeting of the Representative Payment Advisory Committee. The Committee will discuss the following broad categories of representative payment policy: (1) beneficiary (in) capability; (2) payee selection; (3) payee recruitment and retention; (4) standards for payee performance; and (5) payee oversight.

This is a deliberative meeting at which no public testimony will be heard. However, interested parties are invited to attend the meeting or submit written comments to the Office of the Committee at the address below.

Agenda: The Committee will meet commencing at 8:30 a.m. to 4:30 p.m. on Wednesday and Thursday, September 25-26, 1996. Discussion items will include a discussion of beneficiary (in) capability; payee selection; payee recruitment and retention; standards for payee performance; and payee oversight. The Committee will use this time to address the public comments on

⁸ 15 U.S.C. 78f(b)(5).

⁹ 15 U.S.C. 78s(b)(2).

¹⁰ 17 CFR 200.30-3(a)(12).