of the filing of the proposed 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, 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 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. Copies of all such filing will also be available for inspection and copying at the principal office of CBOE. All submissions should refer to File No. SR–CBOE–96–50 and should be submitted by August 16, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[3]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–19033 Filed 7–25–96; 8:45 am]

BILLING CODE 8010–01–M

[3] 17 CFR 200.30–3(a)(12).

[Release No. 34–37457; File No. SR–NYSE–96–09]

Self-Regulatory Organizations; New York Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval to Amendment No. 1 to Proposed Rule Change Relating to Amendments to Rule 80B (Trading Halts Due to Extraordinary Market Volatility)

July 19, 1996.

I. Introduction

On April 11, 1996, the New York Stock Exchange, Inc. (''NYSE'' or ''Exchange'') submitted to the Securities and Exchange Commission (''SEC'' or ''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder,[2] a proposed rule change to amend its circuit breaker rules.

The proposed rule change was published for comment in Securities Exchange Act Release No. 37145 (Apr. 26, 1996), 61 FR 19651 (May 2, 1996). On July 9, 1996, the Exchange submitted to the Commission Amendment No. 1 to the proposed rule change.[3] This order approves the proposed rule change, including Amendment No. 1 on an accelerated basis.

II. Description of Proposal

Currently, NYSE Rule 80B provides that if the Dow Jones Industrial Average (''DJIA'')[4] falls 250 or more points below its previous trading day's closing value, trading in all stocks on the Exchange will halt for one hour. It further provides that, if on the same day the DJIA drops 400 or more points from its previous trading day's close, trading on the exchange will halt for two hours.

Moreover, under the current Supplementary Material .30 to NYSE Rule 80B, if the 250-point trigger is reached during the last hour, but before the last half-hour, of trading, or if the 400-point trigger is reached during the last two hours, but before the last hour, of trading, the Exchange may use abbreviated reopening procedures either to permit trading to reopen before 4:00 p.m. or to establish closing prices. The current provision further provides that if the 250-point trigger is reached during the last half-hour, or if the 400-point trigger is reached during the last hour, the Exchange shall not reopen for trading on that day.[5]

With the proposed rule change, the Exchange proposes to shorten the time periods for halting trading when the 250-point or 400-point level is triggered from one hour and two hours to one-half hour and one hour, respectively.[6] After consulting with its constituents, other markets, and the Commission, the Exchange believes that it is appropriate to reduce the time periods during which trading will be halted, particularly given the current level of automation support for the trading process. The Exchange believes that these revised time periods should be sufficient to provide a meaningful ''time out'' for participants to evaluate changing market conditions, without unduly constraining trading activity. The Exchange states that it intends to continue discussions with its constituents as to whether any revisions to these point parameters might be appropriate.

With respect to Supplementary Material .30, in its original proposal, the Exchange proposed to replace the provision with an amendment, which would provide that if the 250-point trigger is reached during the last half-hour of trading, or if the 400-point trigger is reached during the last hour of trading, the Exchange may use abbreviated reopening procedures to establish new last sale prices.[7] Subsequently, after discussing the proposed changes to Rule 80B with constituent groups, the Investment Company Institute, and other self-regulatory organizations, the Exchange filed Amendment No. 1 to eliminate the proposed provision for the abbreviated reopening procedures to establish new last sale prices if trigger values are reached in the last one-half hour or hour of trading.[8] Therefore, the Exchange now proposes to delete the current provision in Supplementary Material .30 without adding new language.

III. Summary of Comments

The Commission received four comment letters on the NYSE's rule proposal.[9] Two comment letters were

[1] 15 U.S.C. § 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* letter from James E. Buck, Senior Vice President and Secretary, NYSE, to Ivette Lopez, Assistant Director, Division of Market Regulation, SEC, dated July 3, 1996 (''Amendment No. 1''). For a description of Amendment No. 1, *see infra* note 8 and accompanying text.

[4] ''Dow Jones Industrial Average'' is a service mark of Dow Jones & Company, Inc.

[5] *See* Securities Exchange Act Release No. 26198 (Oct. 19, 1988), 53 FR 41637 (Oct. 24, 1988). Since the initial approval of the circuit breaker rules on a pilot basis, the Commission has extended the pilot program each year. The most recent extension of the pilot program was approved on October 25, 1995, and is scheduled to expire on October 31, 1996. *See* Securities Exchange Act Release No. 36414 (Oct. 25, 1995), 60 FR 55630 (Nov. 1, 1995).

[6] The Exchange has represented to the Commission that it will use the intermarket telecommunications system known as Information Network for Futures, Options, and Equities (''INFOE'') system as well as the Consolidated Tape to announce the precise time when the circuit breaker thresholds are reached. Telephone conversation between Brian McNamara, Vice President, Market Surveillance, NYSE, and Alton Harvey, Office Head, Division of Market Regulation, SEC, on April 24, 1996.

[7] In conjunction with its proposal for abbreviated reopening procedures, the Exchange proposed to amend Rule 51 to provide that the 9:30 a.m. to 4:00 p.m. trading session may be extended to permit closing transactions pursuant to Rule 80B. *See* Securities Exchange Act Release No. 37145 (Apr. 26, 1996), 61 FR 19651 (May 2, 1996).

[8] The Exchange also withdrew from the proposed rule change amendments to Rule 51 because the abbreviated reopening procedures are no longer being proposed in the rule filing. *See* Amendment No. 1, *supra* note 3.

[9] *See* Letter from William R. Rothe, Chairman, and John L. Watson III, President, Security Traders Association, to Jonathan G. Katz, Secretary, SEC, dated May 10, 1996 (''STA Letter''); Letter from

generally supportive of the NYSE's proposal to reduce the time periods for halting trading when the circuit breaker threshold levels are triggered,[10] and two comment letters questioned whether trading should ever be halted on the Exchange.[11]

With respect to the specific features of the NYSE's proposal, three commenters addressed the NYSE's proposed abbreviated closing session.[12] They believed that there should be no reopening after 4:00 p.m. because reopening could confuse investors and disrupt end of the day procedures such as mutual fund pricing. One commenter expressed concern that the NYSE provided no details regarding such ''abbreviated reopening procedures.'' [13] In response, the NYSE withdrew its proposal to allow the NYSE to use abbreviated reopening procedures to establish new last sale prices.[14]

Beyond the specific proposals currently before the Commission, all of the commenters expressed their concerns about circuit breakers in general. They believed that the circuit breaker thresholds of 250 and 400 points should be increased because these trigger levels no longer reflect extraordinary market volatility due to the growth in market values since the initial adoption of the circuit breaker rules. One commenter urged the Commission not to take any action on the NYSE's proposal until there has been an opportunity for public comment on increasing the trading halt trigger levels.[15] One commenter argued that the circuit breaker trigger levels should be increased to reflect a 10% movement in the DJIA.[16] Another commenter questioned why the circuit breaker trading halts are based on static numbers instead of percentage movements in the DJIA.[17] Finally, two commenters believed that the DJIA may not be the appropriate index to activate circuit breaker trading halts because it does not reflect the overall market and that using a broader-based index may be a better approach.[18]

IV. Discussion

After careful review of the Exchange's proposed amendments to the circuit breaker rules and the comments thereto and for the reasons discussed below, the Commission believes 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, with the requirements of Section 6(b).[19] Specifically, the Commission believes the proposal is consistent with the Section 6(b)(5) requirements that the rules of an exchange be designed to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

In 1988, the Commission approved the Exchange's circuit breaker proposal, along with those of the other securities exchanges and the National Association of Securities Dealers (''NASD''), because the Commission believed that the circuit breaker rules proposed would help promote stability in the equity and equity-related markets by providing for an enhanced opportunity for market participants to assess information during times of extreme market movements.[20] The proposals, in part, were in response to the events of October 19, 1987, when the DJIA declined 22.6%. The Commission believed that the circuit breaker proposals would provide market participants with an opportunity during a severe market decline to reestablish an equilibrium between buying and selling interest in a more orderly fashion. The futures exchanges also adopted analogous trading halts to provide coordinated means to address potentially destabilizing market volatility.[21]

Since the implementation of the circuit breakers, the DJIA has risen significantly. The 250 point and 400 point triggers, which represented 12% and 19% of the DJIA when implemented, now represent 4.5% and 7% of the DJIA. The Exchange and members of the industry have continued to study the circuit breaker rules and to consider the possible effects of triggering the current circuit breakers in light of the rise in the DJIA since their implementation.

While the Exchange evaluates the need to change the circuit breaker trigger levels, the Commission believes, in the near term, it is reasonable for the Exchange to shorten the length of the trading halts. The Exchange believes and the Commission agrees that, with advances in technology and increases in the operational capacity of the markets, the current length of the trading halts may not be necessary for market participants to become aware of and respond to significant price movements. The shorter time periods proposed by the Exchange for halting all trades should be sufficient to allow market participants to evaluate and act on changing market conditions without unduly constraining market activities.

Moreover, the Commission believes that shortening the length of the trading halts does not need to be delayed pending the resolution of other circuit breaker issues. While an examination of the broader issue of raising the circuit breaker triggers may be warranted, the trading halt periods should be shortened irrespective of the level of the trigger points. Nevertheless, the Commission encourages the Exchange and members of the industry to continue to evaluate the trigger levels for the trading halts in light of the changing circumstances of the markets since 1988.[22]

Peter W. Jenkins, Chairman, and Holly A. Stark, Vice Chairman, Securities Traders Association's Institutional Committee, to Jonathan G. Katz, Secretary, SEC, dated May 17, 1996 (''STA Institutional Committee Letter''); Letter from Joseph R. Hardiman, President, National Association of Securities Dealers, to Jonathan G. Katz, Secretary, SEC, dated May 23, 1996 (''NASD Letter''); Letter from Paul Schott Stevens, Senior Vice President and General Counsel, Investment Company Institute, to Jonathan G. Katz, Secretary, SEC, dated May 23, 1996 (''ICI Letter'').

[10] *See* NASD Letter and ICI Letter, *supra* note 9.

[11] *See* STA Letter and STA Institutional Committee Letter, *supra* note 9.

[12] *See* STA Letter, NASD Letter, and ICI Letter, *supra* note 9.

[13] *See* ICI Letter, *supra* note 9.

[14] *See* Amendment No. 1, *supra* note 3. The Exchange plans to continue holding discussions as to whether additional procedures may be appropriate for expiration days.

[15] *See* ICI Letter, *supra* note 9.

[16] *See* STA Letter, *supra* note 9. Another commenter believed that the circuit breaker levels should be periodically reset to reflect percentage movements of 10% to 15%. *See* NASD Letter, *supra* note 9.

[17] *See* STA Institutional Committee Letter, *supra* note 9.

[18] *See* STA Institutional Committee Letter and NASD Letter, *supra* note 9.

[19] 15 U.S.C. 78f(b).

[20] *See* Securities Exchange Act Release No. 26198, *supra* note 5.

[21] *See* Letter from Todd E. Petzel, Vice President, Financial Research, Chicago Mercantile Exchange (''CME''), to Jean A. Webb, Secretary, Commodity Futures Trading Commission (''CFTC''), dated September 1, 1988. *See also* letters to Jean A. Webb, Secretary, CFTC, from Paul J. Draths, Vice President and Secretary, Chicago Board of Trade (''CBT''), dated July 29, 1988; Michael Braude, President, Kansas City Board of Trade (''KCBT''), dated August 10, 1988; and Milton M. Stein, Vice President, Regulation and Surveillance, New York Futures Exchange (''NYFE''), dated September 2, 1988.

[22] To coordinate trading halts across all securities and futures markets, the regional and futures exchanges have submitted amendments to their circuit breaker rules. For more detail on the specifics of these proposals, *see* Securities Exchange Act Release No. 37459 (July 19, 1996); Letter from Norman E. Mains, Senior Vice President, Chief, Economist, and Director of Research, CME, to Jean A. Webb, Secretary, Commodity Futures Trading Commission, dated July 5, 1996. The NASD's Policy Statement on Market Closings state that the NASD will, upon the request of the Commission, act to halt domestic trading in all securities quoted on the Nasdaq system and domestic trading in equity or equity-related securities in the over-the-counter market.

Continued

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 of filing thereof. The Exchange's original proposal was published in the Federal Register for the full statutory period and Amendment No. 1, which deletes the provision in the proposal that provides for an abbreviated reopening session, was submitted in response to the comments received. Moreover, the Commission believes that deleting this provision is appropriate where the details of such a session were not fully developed and might have created confusion on the Exchange or among the various equities and futures markets during times of extreme volatility. Based on the above, the Commission finds that there is good cause, consistent with section 6(b)(5) of the Act, to accelerate approval of the amended proposed rule change.

The Commission also believes that the circuit breaker mechanisms must be coordinated across the U.S. equity, futures and options markets to be effective in times of extreme market volatility. Therefore, the new NYSE circuit breaker proposal will become effective on July 22, 1996, which will also be the effective date of the amended rules of the other markets, so that the circuit breaker trading halts will continue to be coordinated among the different markets.[23]

V. 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, NW., 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 at the Commission's Public Reference Section, 450 Fifth Street, NW., 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–NYSE–96–09 and should be submitted by August 16, 1996.

VI. Conclusion

IT IS THEREFORE ORDERED, pursuant to section 19(b)(2) of the Act,[24] that the proposed rule change (SR–NYSE–96–09) is approved and effective on July 22, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[25]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–19035 Filed 7–25–96; 8:45 am]

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The Commission notes that it has a standing request with the NASD to halt trading as quickly as practicable whenever the NYSE and other equity markets have suspended trading. The NYSE's proposed rule change does not affect the Commission's standing request. *See* Letter from Richard Ketchum, Chief Operating Officer and Executive Vice President, NASD, to Howard Kramer, Associate Director, Division of Market Regulation, SEC, dated July 18, 1996.

[23] *See* Securities Exchange Act Release No. 37145, *supra* note 7.

[24] 15 U.S.C. 78s(b)(2).

[25] 17 CFR 200.30–3(a)(12).

SOCIAL SECURITY ADMINISTRATION

Agency Information Collection Activities: Submission for OMB Review; Comment Request

Normally on Fridays, the Social Security Administration publishes a list of information collection packages that have been submitted to the Office of Management and Budget (OMB) for clearance in compliance with P.L. 104–13 effective October 1, 1995, The Paperwork Reduction Act of 1995. The information collections listed below, which were published in the Federal Register on May 31, 1996, have been submitted to OMB.

(Call Reports Clearance Officer on (410) 965–4125 for copies of package.)

OMB Desk Officer: Laura Oliven.

SSA Reports Clearance Officer: Judith T. Hasche.

1. Statement of Income and Resources—0960–0124. The form SSA–8010 is used to obtain information about income and resources of individuals whose income may be ''deemed'' (considered available) to applicants/ recipients of SSI. The information is used by the Social Security Administration to make initial or continuing eligibility determinations and to determine the amount of the SSI payment. The respondents are individuals whose income may be ''deemed'' to the SSI applicant/ recipient.

Number of Respondents: 355,000.

Frequency of Response: 1.

Average Burden Per Response: 25 minutes.

Estimated Annual Burden: 147,917 hours.

2. Application for Supplemental Security Income—0960–0444. The information collected on the SSA–8001 is used by the Social Security Administration to determine whether applicants for SSI benefits meet all statutory and regulatory requirements for eligibility and, if so, the amount of benefits payable. The respondents and, if so, the amount of benefits payable. The respondents are applicants for SSI benefits.

Number of Respondents: 1,781,849.

Frequency of Response: 1.

Average Burden Per Response: 15 minutes.

Estimated Annual Burden: 445,462.

3. Application for Widows or Widowers Insurance Benefits—0960–0004. The information collected on form SSA–10 is used by the Social Security Administration to determine whether applicants for widow's/widower's benefits meet all the statutory and regulatory requirements for eligibility. The respondents are surviving widows and widowers age 60 or older, or age 50, if disabled.

Number of Respondents: 640,000.

Frequency of Response: 1.

Average Burden Per Response: 15 minutes.

Estimated Annual Burden: 160,000 hours.

4. Request for Waiver and Recovery Questionnaire—0960–0037. The form SSA–632 collects information on the circumstances surrounding overpayments of Social Security benefits to recipients. The information is used by the Social Security benefits to recipients. The information is used by the Social Security Administration to determine if recovery of the overpayment amount can be waived or must be repaid, and if so, how recovery will be made. The respondents are recipients who have been overpaid Social Security, Medicare, Black Lung or SSI benefits.

Number of Respondents: 500,000.

Frequency of Response: On occasion.

Average Burden Per Response: 25 minutes.

Estimated Annual Burden: 208,333 hours.

5. Application for Parent's Insurance Benefits—0960–0012. The information collected on form SSA–7 is used by the Social Security Administration to determine entitlement of an individual to parent's insurance benefits. The respondents are parents who were