

quotation for puts than for calls (*i.e.*, highest reported ask quotation for call options and the lowest reported bid quotation for put options).

The term "closing price" is defined under the rule change to mean the closing price for the underlying security on the primary market on the business day prior to the expiration date of the BOUND contract. However, the exchange(s) on which any series of BOUNDS trades may provide that the closing price of a BOUND be based on an average of prices of the underlying security near the close of trading on such business day.<sup>11</sup> The rule change also sets forth the steps OCC may take in the event the closing price for an underlying security is unreported or otherwise unavailable. In addition to any other actions OCC may be entitled to take under its By-Laws and Rules, OCC may suspend settlement obligations for the affected BOUNDS until a closing price is available or until OCC determines the closing price. OCC has the authority to determine the closing price for BOUNDS by means of a panel consisting of two designated representatives of each exchange on which the affected series is open for trading and OCC's Chairman.

The rule change adds a provision to OCC's By-Laws to specify that the closing price for the underlying security of a BOUND is conclusively presumed to be accurate and shall be final for purposes of determining settlement rights and obligations with respect to a BOUND. The rule change also adds an Interpretation to OCC's By-Laws to provide that except in extraordinary circumstances OCC will not adjust an officially reported closing price for exercise settlement purposes even if the closing price is subsequently found to have been erroneous.

OCC's Securities Committee shall have the authority to make adjustments in BOUNDS contracts through the same procedures as in the case of option adjustments.<sup>12</sup> BOUNDS ordinarily will be adjusted according to existing adjustment rules, and adjustments are expected to ordinarily conform to adjustments made with respect to LEAPs on the same underlying stock. Whenever additional shares or other property are distributed with respect to shares of an underlying security (*i.e.*, a stock split or stock dividend) and the number of BOUND contracts outstanding is adjusted to reflect the

number of shares distributed or the unit of trading for such BOUND contract is adjusted to include the distributed property, then such adjustment will not include the obligation to pay and received a dividend equivalent. However, when the strike price of a BOUND is reduced to reflect the value of a distribution, the writer of the BOUND will be obligated to pay a dividend equivalent to the holder of the BOUND. This will occur because, unlike in the case of adjusting an option, lower the strike price of a BOUND will not give the holder the benefit of the distribution because the holder does not pay the strike price (The strike price of a BOUND caps the value that the holder will receive upon expiration of the BOUND.) Therefore, it is appropriate to give the holder the benefit of certain extraordinary distributions through a dividend equivalent at the time the distribution is made and also to reduce the strike price so that the BOUND holder cannot again receive the benefit of the distribution when the BOUND expires.

In the case of a cash-out merger of similar transaction, a BOUND will be adjusted to require the writer to pay expiration an amount equal to the lesser of the price paid for the underlying security in the merger or the strike price of the BOUND. Because there no longer will be an underlying security, the expiration date of the BOUND will be accelerated so that the cash will be paid to the BOUND holder at or about the same time that payment of the cash-out value is paid to holders of the underlying security. While the mechanics are somewhat different from the adjustment ordinarily made for the same event in the case of an option, the economic result is quite similar. Because the value of an option because fixed as the result of adjusting for a cash-out merger, in-the-money options are effectively terminated because they have no time value and because holders have every incentive to exercise them immediately to receive the cash. The expiration date of the BOUND will be accelerated because BOUNDS are European style and cannot be exercised prior to expiration.

## II. Discussion

Section 17A(b)(3)(F)<sup>13</sup> requires that the rules of a clearing agency be designed to assure the safeguarding of securities and funds in the custody or control of the clearing agency or for which it is responsible. The Commission believes that OCC's proposal is consistent with OCC's

obligations under Section 17A(3)(F) to assure the safeguarding of securities and funds in its custody or control because the proposal provides that OCC will process BOUNDS transactions in accordance with its existing risk-reduction methodology. For example, under the proposal, BOUNDS will be included with stock options for purposes of margin calculations, and positions in BOUNDS will be included in the formula to determine a clearing member's proportionate share of contribution to the clearing fund. Therefore, a clearing member's activity in BOUNDS will be reflected in the amount of funds collected (*e.g.*, margin and clearing fund deposits) by OCC to safeguard it against losses resulting from a clearing member's failure to settle.

## III. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of Section 71A(b)(3)(F) of the Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-OCC-95-20) be, and hereby is, approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>14</sup>

Margaret H. McFarland,  
Deputy Secretary.

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## SOCIAL SECURITY ADMINISTRATION

### Agency Information Collection Activities: Proposed Collection Request

The Social Security Administration publishes a list of information collection packages that will require submission 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 collection(s) listed below requires extension of the current OMB approval(s).

(Call the SSA Reports Clearance Officer on (410) 965-4125 for a copy of the form(s) or package(s), or write to her at the address listed below the information collections.)

1. *Application for Supplemental Security Income—0960-0229*. The information on form SSA-8000 is used by the Social Security Administration to determine a claimant's eligibility for

<sup>11</sup> The exchange(s) must specify that an average of prices will be used prior to the opening of trading in any BOUNDS series.

<sup>12</sup> OCC's Securities Committee consists of one designated representative of each exchange and the Chairman of OCC.

<sup>13</sup> 15 U.S.C. § 78q-1(b)(3)(F) (1988).

<sup>14</sup> 17 CFR 200.30-3(a)(12) (1996).

benefits and the amount payable in claims for Supplemental Security Income (SSI). The respondents are certain applicants for SSI.

*Number of Respondents:* 1,316,678.

*Frequency of Response:* 1.

*Average Burden Per Response:*

25 minutes for paper application.

35 minutes for automated collection of information.

*Estimated Annual Burden:* 581,533 hours.

2. *Statement of Living Arrangements, In-Kind Support and Maintenance—0960-0174.* The information on form SSA-8006 is used by the Social Security Administration to determine if an applicant or recipient meets the income criteria for eligibility to Supplemental Security Income (SSI) benefits. The respondents are individuals who apply for or are receiving SSI payments.

*Number of Respondents:* 438,400.

*Frequency of Response:* 1.

*Average Burden Per Response:* 7 minutes.

*Estimated Annual Burden:* 51,147 hours.

Written comments and recommendations regarding these information collections should be sent within 60 days from the date of this publication, directly to the SSA Reports Clearance Officer at the following address: Social Security Administration, DCFAM, Attn: Judith T. Hasche, 6401 Security Blvd., 1-A-21 Operations Bldg., Baltimore, MD 21235.

In addition to your comments on the accuracy of the agency's burden estimate, we are soliciting comments on the need for the information; its practical utility; ways to enhance its quality, utility and clarity; and on ways to minimize burden on respondents, including the use of automated collection techniques or other forms of information technology.

Dated: August 26, 1996.

Judith T. Hasche,

*Reports Clearance Officer, Social Security Administration.*

[FR Doc. 96-22191 Filed 8-30-96; 8:45 am]

BILLING CODE 4190-29-M

## COMMITTEE FOR THE IMPLEMENTATION OF TEXTILE AGREEMENTS

### Cancellation of a Limit and Guaranteed Access Level for Certain Cotton and Man-Made Fiber Textile Products Produced or Manufactured in Jamaica

August 27, 1996.

**AGENCY:** Committee for the Implementation of Textile Agreements (CITA).

**ACTION:** Issuing a directive to the Commissioner of Customs cancelling a limit and guaranteed access level.

**EFFECTIVE DATE:** September 3, 1996.

**FOR FURTHER INFORMATION CONTACT:** Naomi Freeman, International Trade Specialist, Office of Textiles and Apparel, U.S. Department of Commerce, (202) 482-4212.

#### SUPPLEMENTARY INFORMATION:

Authority: Executive Order 11651 of March 3, 1972, as amended; section 204 of the Agricultural Act of 1956, as amended (7 U.S.C. 1854); Uruguay Round Agreements Act.

The United States Government has decided to cancel the limit and guaranteed access level (GAL) on imports of cotton and man-made fiber nightwear in Categories 351/651 from Jamaica established for the period beginning on January 1, 1996 and extending through December 31, 1996.

In the letter published below, the Chairman of CITA directs the Commissioner of Customs, effective on September 3, 1996, to cancel the 1996 limit and GAL for Categories 351/651. Also, U.S. Customs Service is directed not to sign the form ITA-370P for export of U.S. formed and cut parts in Categories 351/651.

A description of the textile and apparel categories in terms of HTS numbers is available in the CORRELATION: Textile and Apparel Categories with the Harmonized Tariff Schedule of the United States (see Federal Register notice 60 FR 65299, published on December 19, 1995). Also see 61 FR 1360, published on January 19, 1996.

The letter to the Commissioner of Customs and the actions taken pursuant to it are not designed to implement all of the provisions of the Uruguay Round Agreements Act and the Uruguay Round Agreement on Textiles and Clothing, but are designed to assist only in the implementation of certain of their provisions.

Philip J. Martello,

*Acting Chairman, Committee for the Implementation of Textile Agreements.*

Committee for the Implementation of Textile Agreements

August 27, 1996.

Commissioner of Customs,  
*Department of the Treasury, Washington, DC 20229.*

Dear Commissioner: This directive amends, but does not cancel, the directive issued to you on January 11, 1996, by the Chairman, Committee for the Implementation of Textile Agreements. That directive concerns imports of certain cotton, wool, man-made fiber and other vegetable fiber

textiles and textile products, produced or manufactured in Jamaica and exported during the period which began on January 1, 1996 and extends through December 31, 1996.

Effective on September 3, 1996, you are directed to cancel the current limit and guaranteed access level for Categories 351/651.

Also effective on September 3, 1996, U.S. Customs Service is directed to no longer sign the form ITA-370P for export of U.S. formed and cut parts in Categories 351/651.

The Committee for the Implementation of Textile Agreements has determined that these actions fall within the foreign affairs exception to the rulemaking provisions of 5 U.S.C. 553(a)(1).

Sincerely,

Philip J. Martello,

*Acting Chairman, Committee for the Implementation of Textile Agreements.*

[FR Doc. 96-22351 Filed 8-30-96; 8:45 am]

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## DEPARTMENT OF TRANSPORTATION

### Office of the Secretary

[Dockets OST-96-1548]

### Application of ValuJet Airlines, Inc. for an Exemption

**AGENCY:** Department of Transportation.

**ACTION:** Notice of Order to Show Cause (Order 96-8-45).

**SUMMARY:** The Department of Transportation is directing all interested persons to show cause why it should not issue an order finding ValuJet Airlines, Inc., fit, willing, and able, to resume air transportation operations.

**DATES:** Persons wishing to file objections should do so no later than September 5, 1996.

**ADDRESSES:** Objections and answers to objections should be filed in Docket OST-96-1548 and addressed to the Documentary Services Division (C-55, Room PL-401), U.S. Department of Transportation, 400 Seventh Street, SW., Washington, DC 20590, and should be served upon the parties listed in Attachment A to the order.

**FOR FURTHER INFORMATION CONTACT:** Ms. Delores King, Air Carrier Fitness Division (X-56, Room 6401), U.S. Department of Transportation, 400 Seventh Street, SW., Washington, DC 20590, (202) 366-2343.

Dated: August 29, 1996.

Charles A. Hunnicutt,

*Assistant Secretary for Aviation and International Affairs.*

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