

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, 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-CHX-96-26 and should be submitted by December 11, 1996.

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

Margaret H. McFarland,  
*Deputy Secretary.*

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[Release No. 34-37944; International Series Release No. 1027; File No. SR-PHLX-96-45]

**Self-Regulatory Organizations;  
Philadelphia Stock Exchange,  
Incorporated; Notice of Filing of  
Proposed Rule Change Relating to  
Minimum Transaction Size for  
Customized Foreign Currency Options**

November 13, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> Notice is hereby given that on November 1, 1996, the Philadelphia Stock Exchange, Inc. ("PHLX" or "Exchange") filed with the Securities

and Exchange Commission ("SEC" or "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 of the Act,<sup>2</sup> proposes to amend Exchange Rule 1069(a) to revise the minimum opening and closing transaction size and responsive quotation size for customized foreign currency options from 100 to 50 contracts.

**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**

On November 1, 1994, the Commission approved the Exchange's proposal to trade customized foreign currency options.<sup>3</sup> Users now have the

ability to customize the strike price and quotation method and choose any underlying and base currency combination out of all Exchange listed currencies including the U.S. dollar. The product was introduced to attract institutional customers who like the flexibility and variety offered in the over-the-counter market but would prefer the benefits attributed to an exchange auction market to hedge their exchange rate risks.

The Exchange originally instituted a 300 contract minimum opening transaction size pursuant to Rule 1069(a)(6). A number of mid-sized corporations and institutions then told the Exchange that the contract value was too large for their purposes. They believed that customized currency options would fill a market need for them, but that the opening transaction size was prohibitive. The Exchange, thus, determined to reduce the transaction size in stages. In March of 1995, the Exchange reduced the size of an opening transaction to 200 contracts<sup>4</sup> and then reduced it further to 100 contracts in August of that year.<sup>5</sup> That size, however, still remains too large for a significant segment of medium sized corporations, especially those that are located in Canada and the Pacific basin. Those companies would like the opportunity to hedge their currency risk using an exchange traded customized option contract in a cost-effective manner. Therefore, the Exchange now proposed to reduce the minimum opening transaction size to 50 contracts which would still allow for an average minimum transaction value of between \$2 and \$3 million as shown below.

<sup>4</sup> Securities Exchange Act Release No. 35464 (March 9, 1995), 60 FR 14043.

<sup>5</sup> Securities Exchange Act Release No. 36176 (August 31, 1995), 60 FR 46879.

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Securities Exchange Act Release No. 34925 (November 1, 1994), 59 FR 55720.

<sup>1</sup> 15 U.S.C. 78s(b)(1).

Currency	Exchange rate <sup>6</sup>	Contract size	Underlying contract value (dollars)	Value of 100 contracts (dollars)	Value of 50 contracts (dollars)
Australian dollar .....	0.878200	50,000	43,910	4,391,000	2,195,500
Canadian dollar .....	0.823000	50,000	41,150	4,115,000	2,057,500
Swiss franc .....	0.889700	62,500	55,606	5,560,625	2,780,312
German mark .....	0.727600	62,500	45,475	4,547,500	2,273,750
French franc .....	0.215100	250,000	53,775	5,377,500	2,688,750
British pound .....	1.741600	31,250	56,602	5,660,200	2,830,100
Japanese yen .....	0.008999	6,250,000	56,244	5,624,375	2,812,188
ECU .....	1.391600	62,500	86,975	4,115,000	2,057,500
Italian lira .....	0.0007309	50,000,000	36,547	3,654,704	2,812,188
Spanish peseta .....	0.007779	5,000,000	38,895	3,889,500	1,944,750
Averages .....				5,151,790	2,575,895

<sup>6</sup> As of October 11, 1996, assuming that the U.S. dollar is the base currency.

The minimum size of the closing transaction and the minimum responsive quote size obligation would also be reduced from 100 contracts to the lesser of 50 contracts or the remaining contracts.

## 2. Statutory Basis

The proposed rule change is consistent with Section 6 of the Act in general, and in particular, with Section 6(b)(5), in that it is designed to promote just and equitable principles of trade, prevent fraudulent and manipulative acts and practices, facilitate transactions in securities, remove impediments to and perfect the mechanism of a free and open market and a national market system, and protect investors and the public interest by opening up the market to smaller institutional and corporate users who are currently priced out of the market yet still keeping the entry requirements high enough to discourage smaller less sophisticated users.

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

The Exchange 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, NW., Washington, DC 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-96-45 and should be submitted by December 11, 1996.

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

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 Pub. L. 104-13 effective October 1, 1995. The Paperwork Reduction Act of 1995. The information collection listed below requires extension of the current OMB approval:

1. Employer Classification Update—0960-0262. The information on form SSA-L378 is needed by the Social Security Administration in situations where an employer submits an SS-4, Employer Identification Form, with incomplete or missing information. The data from the SSA-L378 is used, in conjunction with tax return data, for program planning, revenue estimates and employment studies. The respondents are employers with 11 or more employees.

*Number of Respondents:* 75,000.

*Frequency of Response:* 1.

*Average Burden Per Response:* 3 minutes.

*Estimated Annual Burden:* 3,750 hours.

2. Appointment of Representative—0960-0527. The information collected on form SSA-1696 is used by the Social Security Administration to verify the applicant's appointment of a representative. It allows SSA to inform the representative of items which affect the applicant's claim. The respondents are applicants who notify SSA that they have appointed a person to represent them and such representatives when claiming a right or benefit.

*Number of Respondents:* 475,737.

*Frequency of Response:* 1.

*Average Burden Per Response:* 10 minutes.