

on matters required by the Act to be approved by shareholders only as directed by its shareholders. Accordingly, applicant believes that the requested exemptions meet the section 6(c) standards.

Applicant's Conditions

Applicant agrees that any exemptive relief granted will be subject to the following conditions:

1. Applicant at all times will own and hold, beneficially and of record, all of the outstanding voting capital stock of Newco.

2. Applicant will not cause or permit Newco to change any of its fundamental investment policies, or take any other action referred to in section 13(a) of the Act, unless such action shall have been authorized by applicant after approval of such action by a vote of a majority of applicant's outstanding voting securities.

3. No person shall serve or act as investment adviser to Newco under circumstances subject to section 15 of the Act unless applicant's directors and shareholders shall have taken the action with respect thereto also required to be taken by Newco's directors and shareholders.

4. Newco shall have two directors who are not directors of applicant as long as a majority of its board of directors consists of directors who are also directors of applicant.

Notwithstanding the foregoing, the board of directors of Newco will be elected by applicant as the sole shareholder of Newco, and such board will be composed of the same persons that serve as directors of applicant except to the extent noted above.

5. Applicant will not itself issue, and will not cause or permit Newco to issue, any senior security or sell any senior security of which applicant or Newco is the issuer except as hereinafter set forth: (a) applicant and Newco may issue and sell to banks, insurance companies, and other financial institutions their secured or unsecured promissory notes or other evidences of indebtedness in consideration of any loan, or any extension or renewal thereof made by private arrangement, provided the following conditions are met: (i) such notes or evidences of indebtedness are not intended to be publicly distributed, (ii) such notes or evidences of indebtedness are not convertible into, exchangeable for, or accompanied by any options to acquire any equity security (except that, with respect to applicant, the restrictions in this clause (ii) shall not be applicable except to the extent they are applicable generally to BDCs), and (iii) immediately after the

issuance or sale of any such notes or evidence of indebtedness by either applicant or Newco, applicant and Newco, on a consolidated basis, and applicant individually, shall have the asset coverage that would be required by section 18(a) if applicant and Newco each had elected to become a BDC pursuant to section 54 of the Act; and (b) in addition, Newco may borrow from applicant. None of the borrowings set forth in clause (b) above shall be deemed senior securities for purposes of any order issued pursuant to the application.

6. Applicant will file with the SEC the financial statements required by the federal securities laws on a consolidated basis as to applicant and Newco. Applicant will provide to its shareholders financial statements on a consolidated basis as to applicant and Newco, except when unconsolidated financial statements are required under generally accepted accounting principles.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-31396 Filed 12-10-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-38017; File No. SR-PHLX-96-44]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by Philadelphia Stock Exchange, Inc. Relating to Modifying the Formula Which Calculates the Settlement Value for Dollar Denominated Delivery Options ("3D Options")

December 4, 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 October 30, 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. The Exchange also filed Amendments Nos. 1, 2, and 3 on November 19, 1996, December 2, 1996 and December 3, 1996, respectively, the substance of which are incorporated into this notice.

I. Self-Regulatory Organization's Statement of the Terms and Substance of the Proposed Rule Change

The Exchange proposes to change PHLX Rule 1057, in order to modify the formula which calculates the settlement value for Dollar Denominated Delivery currency options ("3D Options"). PHLX proposes to modify the existing formula to reflect the fact that there may be a variation in the appropriate number of bids and offers that are available for each currency. The Exchange would randomly select at least five (5) such bids and offers from a pool of twenty-five (25) active interbank foreign exchange participants, and set the number for each individual currency prior to commencing trading 3D Options on that currency.¹ Due to the variation in the number of bids and offers, the Exchange also proposes to amend the rule to state that it will discard one third of the highest offers and one third of the lowest bids and offers to arrive at the closing settlement value.

The text of the proposed rule change follows. (New language is in italics and deletions are in brackets.)

Rule 1057. 3D (Dollar Denominated Delivery) foreign currency options are cash settled options. The Exchange shall contract with a market information vendor(s) which shall act as the Exchange's designated agent(s) to generate the closing settlement value utilizing the following methodology sanctioned by the Exchange described below.

The closing settlement price shall be determined by the Exchange's designated agent(s) as follows: On every expiration date for 3D contracts, at 10:30 A.M. (EST or EDT), the Exchange designated agent(s) shall collect a bid and offer quotation for the current foreign exchange spot/price [from at least fifteen (15) interbank foreign exchange participants randomly selected from a list of twenty-five (25) active interbank foreign exchange market participants.] *from an appropriate number of interbank foreign exchange participants determined by the Exchange selected at random from a pool of twenty-five (25) active interbank foreign exchange participants. A minimum number of five (5) interbank foreign exchange participants must be selected from the group of 25 interbank foreign exchange participants.* After discarding [the five] *one-third of the highest offers and [five] one-third of the lowest bids,* the Exchange's designated agent will arithmetically average the remaining [ten (10) bids and ten (10) offers] *bids and offers to arrive at a closing settlement value.*

In the event of the Exchange's designated agent(s) inability to generate a closing settlement value, the Exchange will poll the interbank market participants directly (by

¹ The Exchange would have the ability to obtain bids and offers from more than five interbank foreign exchange participants as determined by the Foreign Currency Option Committee.

phone or facsimile transmission) to determine the fair and accurate closing settlement value using the above methodology.

The Exchange shall disseminate the closing settlement value after its calculation officially through the Options Price Reporting Authority.

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 Commission approved trading for 3D Foreign Currency Options on the Deutsche Mark ("3D Mark") on March 8, 1994.² In November 1995, the Commission approved trading for 3D Foreign Currency Options on the Japanese Yen ("3D Yen")³; however, they have not begun trading on the Exchange to date. Presently, bid and offer quotations for the current foreign exchange spot price from at least fifteen (15) interbank foreign exchange participants randomly selected from a list of twenty-five (25) active interbank foreign exchange participants are collected. After discarding the five (5) highest offers and the five (5) lowest bids, the remaining ten (10) bids and offers are arithmetically averaged to arrive at a closing settlement value.⁴

The Exchange has found that the number of banks that are able to provide

bid and offer quotations for different currencies varies according to the currency. For some of the more widely traded currencies such as the Deutsche mark and the Japanese yen, updated bids and offers among interbank participants are much more prevalent than for the less popular currencies, where the pool of potential contributors of the spot value for the individual currency is much smaller.

The Exchange proposes to make the current settlement value formula more flexible in order to permit the Exchange to determine the appropriate number of bids and offers to collect and average on a currency-by-currency basis. As noted above, the Exchange would randomly select at least five (5) interbank participants from a pool of twenty-five (25) active interbank participants. Additionally, as the number of bids and offers may vary across currencies, the existing rule language that requires the five (5) highest offers and the five (5) lowest bids be discarded would also be modified. The Exchange proposes to discard one third of the highest offers and one third of the lowest bids and average the remaining bids and offers to arrive at the closing settlement value.

The Exchange contends that the revised settlement value formula will ensure that the settlement value for 3D Options contracts accurately reflects the spot price for foreign currencies because it will use bid and offer quotations from the appropriate number of banks that represent the spot value for the currency in question. In addition, the Exchange will employ the same back up procedures that are outlined for the 3D Mark and the 3D Yen that guard against unreliable or manipulated quotes.

The Exchange's Foreign Currency Option Committee will determine what the appropriate number of bid and offer quotations should be for each currency. The Committee will not have the discretion to select less than five (5) interbank foreign exchange participants from which to obtain these bid and offer quotations. The Committee will have the ability to increase or decrease the number, although the Exchange does not anticipate this occurring very frequently. The Committee will not have the ability to decrease the number of interbank participants to less than five (5) participants. The Exchange will periodically review the contributing interbanks to assure that the number has not materially increased or decreased. The Committee will then have the discretion to act upon this information.

The Committee has determined to continue to collect fifteen (15) bid and offer quotations from a pool of twenty-five (25) for the 3D Mark. For the 3D

Yen, however, there are fewer banks that diligently provide updated quotes. Therefore, the Committee has determined that a more accurate representation of the Japanese Yen Market would be derived from collecting ten (10) bid and ask quotations from a group of twenty-five (25) active interbank participants and discarding the three (3) highest offers and the three (3) lowest bids prior to averaging them.

The Exchange maintains that in proposing any new 3D Foreign Currency Option contracts for listing and trading on the Exchange, the Exchange will identify the appropriate number of bank quotations that will be collected to arrive at the settlement value in the rule filing submitted pursuant to Rule 19b-4 of the Act. The number of interbank participants from which the quotations are collected cannot be less than five (5). Any changes in that number will require approval of the Exchange's Foreign Currency Options Committee.

The Exchange will provide notice, at least one week prior to settlement of the 3D currency option, to its membership and the public of any change in the number of contributor bank quotations used to calculate the settlement value for that 3D currency option. In the event the Exchange lists and trades 3D options on a new currency, the Exchange will provide at least one week notice of the number of contributor bank quotations used to derive the settlement value prior to listing and trading the 3D options on the new currency.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act⁵ in that it promotes just and equitable principles of trade, prevents fraudulent and manipulative acts and practices, and protects investors and the public interest because it provides the Exchange with the ability to list a wider variety of currencies and therefore, provide investors with a greater opportunity to hedge their currency risk and facilitate transactions in foreign currency options.

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.

⁵ 15 U.S.C. 78f(b)(5).

² See Securities Exchange Act Release No. 33732 (March 8, 1994), 59 FR 12023 (order approving the listing and trading of cash/spot dollar denominated delivery foreign currency option contracts.)

³ See Securities Exchange Act Release No. 36505, (November 22, 1995), 60 FR 61277 (order approving listing and trading of 3D foreign currency options on the Japanese yen.)

⁴ See Exchange Rule 1057. Exchange filing SR-PHLX 96-11, pending at the Commission, would allow PHLX to elect to calculate the settlement value in house instead of requiring an agent/vendor to do it and would limit the liability of the Exchange regarding the accuracy of the settlement value. However, liability for intentional misconduct and/or any violations of the federal securities laws would not be limited. See Securities Exchange Act Release No. 37323 (June 18, 1996), 61 FR 32880 (June 25, 1996) (notice).

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, 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 at the Commission's Public Reference Room. 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-96-44 and should be submitted by January 2, 1997.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-31398 Filed 12-10-96; 8:45 am]

BILLING CODE 8010-01-M

DEPARTMENT OF STATE

[Public Notice No. 2485]

Advisory Committee on International Economic Policy of Working Group on Economic Sanctions; Closed Meeting

The Department of State announces a meeting of the U.S. State Department Advisory Committee on International Economic Policy Working Group on Economic Sanctions on Monday, December 18, 1996 at the U.S. Department of State, Washington, D.C. Pursuant to Section 10(d) of the Federal Advisory Committee Act (FACA) and 5 U.S.C. 552b(c)(1), 5 U.S.C. 552b(c)(4), and 5 U.S.C. 552b(c)(9)(B), it has been determined the meeting will be closed to the public. Matters relative to classified national security information as well as privileged commercial information will be discussed.

For more information contact Joanne Balzano, Working Group on Economic Sanctions, Department of State, Washington, DC 20522-1003, phone: 202-647-1498.

Dated: December 6, 1996.

Alan P. Larson,

Assistant Secretary for Economic and Business Affairs.

[FR Doc. 96-31494 Filed 12-6-96; 4:11 pm]

BILLING CODE 4710-07-M

DEPARTMENT OF TRANSPORTATION

Office of the Secretary

Reports, Forms and Recordkeeping Requirements, Agency Information Collection Activity Under OMB Review

AGENCY: Department of Transportation (DOT).

ACTION: Notice.

SUMMARY: In compliance with the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*), this notice announces that the Information Collection Requests (ICR) abstracted below has been forwarded to the Office of Management and Budget (OMB) for reinstatement, review and comment. The ICR describes the nature of the information collection and its expected burden. The Federal Register Notice with a 60-day comment period soliciting comments on the following collection of information were published on July 3, 1996 (FR 61, page 34921-34922).

DATES: Comments must be submitted on or before January 10, 1997.

FOR FURTHER INFORMATION CONTACT: Ms. Judith Street, Federal Aviation Administration, Corporate Information

Division, ABC-100, 800 Independence Ave., SW., (202) 267-9895, Washington, DC 20591.

SUPPLEMENTARY INFORMATION:

Federal Aviation Administration (FAA)

Title: Pilots Convicted of Alcohol or Drug Related Motor Vehicle Offenses or Subject to State Motor Vehicle Administrative Procedures.

Type of Request: Reinstatement, without change, of a previously approved information collection.

OMB Control Number: 2120-0543.

Form Number: 8500-8.

Affected Public: 2184 pilots who have been/will be convicted of a drug- or alcohol-related traffic violation.

Abstract: The requested information (1) is needed to mitigate potential hazards presented by airmen using alcohol or drugs in flight, (2) is used to identify persons possibly unsuitable for pilot certification, and (3) affects those pilots who will be convicted of a drug- or alcohol-related traffic violation.

Estimated Annual Burden: The estimated total annual burden is 364 hours.

ADDRESSES: Send comments to the Office of Information and Regulatory Affairs, Office of Management and Budget, 725-17th Street, NW, Washington, DC 20503, Attention DOT Desk Officer.

Comments are Invited on: whether the proposed collection of information is necessary for the proper performance of the functions of the Department, including whether the information will have practical utility; the accuracy of the Department's estimate of the burden of the proposed information collection; ways to enhance the quality, utility and clarity of the information to be collected; and ways to minimize the burden of the collection of information on respondents, including the use of automated collection techniques or other forms of information technology.

Issued in Washington, DC, on December 5, 1996.

Phillip A. Leach,

Clearance Officer, United States Department of Transportation.

[FR Doc. 96-31411 Filed 12-10-96; 8:45 am]

BILLING CODE 4910-62-P

Reports, Forms and Recordkeeping Requirements Agency Information Collection Activity Under OMB Review

AGENCY: Department of Transportation (DOT).

ACTION: Notice.

SUMMARY: In compliance with the Paperwork Reduction Act (44 U.S.C.

⁶ 17 CFR 200.30-3(a)(12).