

proposed rule change is to permit a floor broker or market maker to clear the post in cabinet securities by phone. The bids and offers made to clear the post by phone will be audibly announced at the cabinet post through a speaker system maintained by the Exchange. This new policy will be effective for a six-month pilot period to permit the Exchange to determine the effectiveness of the new policy before implementing it on a permanent basis.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)(5) ⁴ of the Act in that it is designed to prevent fraudulent and manipulative acts and practices and to perfect the mechanism of a free and open market.

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 date of 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 such 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 submissions, 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-CHX-97-28 and should be submitted by December 19, 1997.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-31240 Filed 11-26-97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39340; File No. SR-GSCC-97-05]

Self-Regulatory Organizations; Government Securities Clearing Corporation; Order Approving a Proposed Rule Change to Modify the Loss Allocation Process

November 21, 1997.

On July 8, 1997, the Government Securities Clearing Corporation ("GSCC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-GSCC-97-05) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").¹ On July 23, 1997, GSCC filed with the Commission an amendment to the proposed rule change. Notice of the proposal was published in the **Federal Register** on September 19, 1997.² No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

I. Description

Generally, if a GSCC member were to default, after liquidating the defaulting member's positions and applying its collateral deposited with GSCC, GSCC would allocate any loss that it did not absorb from its own capital among members pro rata based on the extent of their recent activity with the defaulting member. In order to determine which members will be subject to loss

allocation, GSCC would look at trading authority that was entered into GSCC's netting system during as many days as is necessary to reach a level of activity that is equal to or greater than five times the dollar value of the liquidated positions.

Pursuant to this proposed rule change, GSCC is limiting the amount to which any netting member that is not an interdealer broker is liable for loss allocation arising from blind brokered activity.³ The new cap per loss event is equal to the lesser of \$5 million or five percent of the total loss amount arising from blind brokered activity that is allocated to members that are not interdealer brokers as a group. To the extent that this cap is applicable, any amounts not collected from individual netting members will be reallocated to the entire netting membership pro rata based on each member's average daily clearing fund deposit requirement over the twelve month period prior to the insolvency.

GSCC states that the \$5 million cap is intended to provide to all members the same level of protection that interdealer broker members currently have for blind brokered activity. The 5% limit is intended to ensure that no single member will be liable for an amount of loss for blind brokered activity that is significantly greater than the amount of loss allocated to other dealer members.

II. Discussion

Section 17A(b)(3)(F) ⁴ of the Act provides that the rules of a clearing agency must 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, and Section 17A(b)(3)(D) ⁵ of the Act provides that the rules of a clearing agency must provide for equitable allocation of charges among its participants. Prior to the rule change, nonbroker members could be assessed for the entire loss resulting from blind brokered transactions even though they did not have any control or knowledge of their counterparty. Because in brokered transactions, dealers cannot select their counterparty, these members may not be able to limit their losses resulting from the counterparty's default. The rule change limits the member's liability but still provides the member with an incentive to minimize the risk of loss. Therefore, the Commission believes that the rule

³ Interdealer broker netting members already have a \$5 million cap per loss event on their liability for loss allocation.

⁴ 15 U.S.C. 78q-1(b)(3)(F).

⁵ 15 U.S.C. 78q-1(b)(3)(D).

¹ 17 CFR 200.30-3(a)(12).

² 15 U.S.C. 78s(b)(1).

³ Securities Exchange Act Release No. 39066 (September 12, 1997), 62 FR 49280.

⁴ 15 U.S.C. 78f(b)(5).

change is consistent with a clearing agency's obligation to provide for equitable allocation of charges among its participants.

In addition, by spreading any losses resulting from a member default among a wider segment of GSCC's members, the rule change should decrease the likelihood that any one member will be disproportionately affected. Thus, the proposal may make it easier for GSCC to collect such funds should the need ever arise. Therefore, the Commission believes that this rule will enhance GSCC's ability to safeguard securities and funds.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of Sections 17A(b)(3)(F) and 17A(b)(3)(D) 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-GSCC-97-05) be and hereby is approved.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-31153 Filed 11-26-97; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Office of the Secretary

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

AGENCY: Office of the Secretary, DOT.

ACTION: Notice.

SUMMARY: In compliance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), this notice announces that the Information Collection Request (ICR) abstracted below has been forwarded to the Office of Management and Budget (OMB) for 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 was published on September 8, 1997 [62 FR 47235].

DATES: Comments must be submitted on or before December 29, 1997.

FOR FURTHER INFORMATION CONTACT: Mr. Crawford Ellerbe, 202/366-2643, Office of Maritime Labor, Training and Safety, Maritime Administration, MAR-250, Room 7302, Department of Transportation, 400 Seventh Street, SW., Washington, DC 20590.

SUPPLEMENTARY INFORMATION:

Maritime Administration

Title: U.S. Merchant Marine Academy Application for Admission and Pre-Candidate Application.

OMB Number: 2133-0010.

Type of Request: Extension of a currently approved collection.

Affected Public: Individuals desiring to become students at the U.S. Merchant Marine Academy.

Abstract: This collection consists of form KP-3-4 (Pre-Candidate Application), and KP-2-65 (U.S. Merchant Marine Academy Application for Admission). These forms are completed by individuals wishing to be admitted as students to the U.S. Merchant Marine Academy and are reviewed by staff members of the Academy.

Estimated Annual Burden Hours: 12,500.

Number of Respondents: 2,500.

Needs and Users: The collected information is necessary to perform the reviews required in order to permit payment of Maintenance and Repair subsidy.

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 November 20, 1997.

Vanester M. Williams,

Clarence Officer, United States Department of Transportation.

[FR Doc. 97-31302 Filed 11-26-97; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

Agency Information Collection Activity: Proposed Collection Comment Request

AGENCY: Department of Transportation, Federal Aviation Administration (DOT/FAA).

ACTION: Notice.

SUMMARY: In compliance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) this notice announces that the information collection request described below will be forwarded to the Office of Management and Budget (OMB) for review and comment. This notice describes the paperwork burden associated with this rule and allows for a 60-day comment period. The following information describes the nature of the information collection and its expected burden.

Although the May 17, 1988, proposed rule provided a 150-day comment period and the final rule is based on the comments received, paperwork reduction and recordkeeping were not addressed in that document. Therefore, as required by section 3507(d) of the Paperwork Reduction Act of 1995, the FAA has submitted a copy of the final rule to OMB for its review of these information collection requirements.

DATES: Submit any comments to OMB and FAA by January 27, 1998.

SUPPLEMENTARY INFORMATION:

Title: Retrofit of Improved Seats in Air Carrier Transport Category Airplanes.

Collection of Information: Only air carrier operators that wish to continue to operate aircraft equipped with older, approved seats that are in partial compliance with newer dynamic seat requirements must submit an application and supporting data to the FAA. The information needs to be submitted only once, within four years of the effective date of the final rule. The FAA estimates 100 applications will be submitted per year for four years, with 425 hours of reporting burden per application and an annual reporting burden of 42,500 hours for each of the four years. The total cost to respondents is estimated to be \$850,000 per year for 2 years; this figure is derived by multiplying 42,500 × \$20.00 per hour. Cost estimates were obtained from applicants. After four years, there will no longer be application/reporting requirements.

Organizations and individuals desiring to submit comments on the

⁶ 17 CFR 200.30-3(a)(12).