

to reflect a static portfolio of stocks and the active Index maintenance (i.e., including replacing Index components) generally is inconsistent with such approach. In order to address the possibility that the quality of the stocks in the Index could deteriorate or one or several stocks could dominate the Index, the Amex has represented that it is seeking only to list and trade a single issuance of warrants on the Index with a limited duration of one to three years. The Commission notes that if the Exchange proposes to list and trade other products based on Index, including other index warrants, the Exchange will advise the Commission in order to determine whether a rule filing pursuant to Section 19(b) of the Act²⁰ will be necessary. In addition, the Commission notes that if the term of the warrants exceeds one year, the Exchange will monitor the options eligibility of the underlying securities. If less than 75% of the weight of the Index is composed of securities that are options eligible, the Amex will notify the Commission. Given the high quality of the component stocks, as well as the other factors noted above, the Commission believes that the absence of active Index maintenance criteria is not fatal to the Commission's approval of the listing and trading of a single issuance of warrants on the Index.

The Commission further notes that the rules and procedures of the Exchange adequately address the special concerns attendant to the trading of Index warrants. Specifically, the applicable suitability, account approval, disclosure, and compliance requirements of the applicable Amex provisions satisfactorily address potential public customer concerns. Moreover, the Amex plans to distribute a circular to its membership calling attention to specific risks associated with warrants on the Index. Finally, pursuant to the Exchange's listing guidelines, only companies capable of meeting the Amex's index warrant issuer standards will be eligible to issue Index warrants.²¹

The Commission believes that the listing and trading of warrants on the Index will not adversely impact the underlying securities because the Index is comprised of highly-capitalized securities that are actively-traded. In addition, the Amex has established

reasonable position and exercise limits for narrow-based stock index warrants,²² which will serve to minimize potential manipulation and other stock market concerns.

Finally, the Amex represents²³ that its existing surveillance procedures will allow the Exchange to detect and deter potential manipulations and other trading abuses in the derivatives and underlying securities markets. The Exchange further represents that comprehensive surveillance sharing agreements are in place with the appropriate regulatory authorities in the countries that oversee the primary markets for the two securities in the Index that are represented by ADRs. Accordingly, the Commission believes that the Amex should have available to it the regulatory tools necessary to properly surveil for abuses in the trading of warrants on the Index.

V. Conclusion

For the foregoing reasons, the Commission finds that the Amex's proposal to list and trade warrants based on the Index is consistent with the requirements of the Act and the rules and regulations thereunder.

It Is Therefore Ordered, pursuant to Section 19(b)(2) of the Act,²⁴ that the proposed rule change (SR-Amex-97-48) is approved.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-10184 Filed 4-16-98; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39851; File No. SR-PHLX-97-35]

April 10, 1998.

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Order Approving Proposed Rule Change To Amend Its By-Law Article XII, Section 12-10, With Respect to the Eligibility of Persons To Serve as Inactive Nominees

On December 15, 1997, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder² to amend its By-Law Article XII, Section 12-10, with respect to the eligibility of persons to serve as inactive nominees. On January 14, 1998, the Exchange submitted Amendment No. 1 to the filing, in which it proposed a new rule, Phlx Rule 21, defining "Inactive Nominee," and explained the role of an Inactive Nominee on the Phlx.³

Notice of the proposed rule change, including Amendment No. 1, was published in the **Federal Register**.⁴ The Commission received no comment letters in response to the filing. This order approves the proposed rule change, as amended.

I. Description of the Proposal

Phlx's proposal would amend its By-Law Article XII, Section 12-10, with respect to the eligibility of persons to serve as Inactive Nominees.⁵

Phlx By-Law Article XII, Section 12-10, sets forth the eligibility requirements

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Letter from Murray L. Ross, Vice President and Secretary, Phlx, to Richard Strasser, Assistant Director, Division of Market Regulation, Commission, dated January 14, 1998. Amendment No. 1 is described further below.

⁴ See Securities Exchange Act Release No. 39622 (Feb. 4, 1998) 63 FR 7488 (Feb. 13, 1998).

⁵ In Amendment No. 1 to the filing, the Phlx proposed a new rule, to be designated as Rule 21, which would define an Inactive Nominee as follows:

The term inactive nominee shall mean a natural person associated with and designated by a member organization who has applied for and been approved by the Admissions Committee for such status and is registered as such with the Office of the Secretary. An inactive nominee shall have no rights or privileges of membership unless and until said inactive nominee becomes a member of the Exchange pursuant to the By-Laws and Rules of the Exchange. An inactive nominee merely stands ready to assume legal title to a membership upon notice by the member organization to the Office of Secretary to be transferred intra-firm on an expedited basis.

²² The Commission notes that position limits for narrow-based stock index warrants are set at a level roughly equivalent to 75 percent of narrow-based index options. As a result, position limits for warrants based on the Index will be nine million.

²³ Telephone conversation between Claire McGrath, Vice President and Special Counsel, Amex, and Deborah Flynn, Division, Commission, on March 16, 1998.

²⁴ 15 U.S.C. 78s(b)(2).

²⁵ 17 CFR 200.30-3(a)(12).

²⁰ 15 U.S.C. 78s(b).

²¹ See Section 106 of the Amex Company Guide which requires, among other things, that the issuer have tangible net worth in excess of \$250 million and otherwise substantially exceed size and earnings requirements in Section 101(A) of the Company Guide or meet the alternative guideline set forth in paragraph (a).

with respect to persons designated to serve as Inactive Nominees. An Inactive Nominee must be a person affiliated with a member organization who has submitted a membership application and has met all membership qualification requirements, including an examination administered by the Phlx's Market Surveillance Department. The amendment to By-Law Article XII, Section 12-10, will allow an approved Inactive Nominee to assume the legal title to a membership on an intra-firm and expedited basis in the event of an emergency due to illness or other factors. In Amendment No. 1, the Phlx stated that an Inactive Nominee would serve in the "event of an emergency due to illness or other factors," and "would allow a member organization to have a full compliment of traders or specialists available to conduct business on the Exchange trading floors by transferring legal title intra-firm to the inactive nominee thereby making that person an Exchange member."⁶

The rule change will subject a person designated as an Inactive Nominee to the existing membership application process, including fees. Additionally, the member organization with whom an Inactive Nominee is affiliated will be subject to a fee for the privilege of maintaining an Inactive Nominee's status.

A member organization seeking to designate an affiliated person as an Inactive Nominee shall submit a membership application on behalf of a proposed Inactive Nominee, who would go through the existing membership application process. Upon meeting all membership requirements and after posting for a two-week period in the membership Bulletin, this person will be registered as an Inactive Nominee. Upon notice filed with the Phlx Office of the Secretary in writing prior to 9:00 A.M. on any business day that the Exchange is open, an Inactive Nominee may assume the legal title to a membership on an intra-firm basis and would be eligible to transact business on the Exchange that day or for such longer period consistent with the seat lease or membership title and use agreement (ABC agreement).

⁶ For example, an Inactive Nominee might serve on behalf of a trader who needs to take leave for surgery, or could serve when specialist take vacation leave. It is anticipated that Inactive Nominees would be used particularly following "triple-witching" days to assist firms in processing the greater number of transactions during those periods. Telephone conversation between Murray L. Ross, Vice President and Secretary, Phlx, and Marie D'Aguanno Ito, Special Counsel, Division of Market Regulation, Commission, April 8, 1998.

II. Discussion

The Commission finds that the proposed rule change is consistent with Section 6 of the Act in general, and in particular, with Section 6(b)(5). Under Exchange Act Section 6(b)(5), the rules of an exchange must be designed, among other things, to promote just and equitable principles of trade and to prevent fraudulent and manipulative acts and practices. By creating a pool of eligible individuals who can substitute for traders or specialists on the trading floor, the proposal should assist the Exchange in facilitating the smooth functioning of its market operations, consistent with Exchange Act Section 6(b)(5). Such an effort to have a prepared and available roster of substitute traders should help to facilitate transactions in securities and remove impediments to, and perfect the mechanism of, a free and open market, also consistent with Exchange Act Section 6(b)(5).

III. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁷ that the proposed rule change (SR-PHLX-97-45), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁸

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 98-10182 Filed 4-16-98; 8:45 am]

BILLING CODE 8010-01-M

DEPARTMENT OF STATE

[Public Notice 2782]

Advisory Committee on International Economic Policy Notice of Partially Closed Meeting

The Advisory Committee on International Economic Policy (ACIEP) will meet 1:00 pm-5:00 pm on Monday, April 20, 1998, in Room 1107, U.S. Department of State, 2201 C Street, NW, Washington, DC 20520. The meeting will be hosted by Committee Chairman Mike Gadbaw and by Assistant Secretary of State for Economic and Business Affairs Alan P. Larson.

The ACIEP will first meet in closed session, which will be devoted to organizational matters, the Asian financial crisis, and state/local economic sanctions. The closed briefings involve discussions of classified information, pursuant to section 10(d) of the Federal Advisory

⁷ 15 U.S.C. 785(b)(2).

⁸ 17 CFR 200.30-3(a)(12).

Committee Act (FACA), 5 U.S.C. 552b(c)(1), 5 U.S.C. 442b(c)(4), and 5 U.S.C. 552b(c)(9)(B). The open session will focus on the OECD Multilateral Agreement on Investment and the Anti-Bribery Convention as well as African issues. Members of the public may attend the open session beginning at 3:00 p.m. as seating capacity allows.

As access to the Department of State is controlled, persons wishing to attend the meeting should notify the ACIEP Executive Secretary by Monday, April 13, 1998.

Each person must provide his or her name, company or organization affiliation, date of birth, and social security number to the ACIEP Secretariat at (202) 647-5968 or fax (202) 647-5713 (Attn: Sharon Rogers). A list will be made up for Diplomatic Security and the Reception personnel will direct them to Room 1107.

FOR FURTHER INFORMATION CONTACT: Sharon Rogers, Secretariat, U.S. Department of State, Bureau of Economic and Business Affairs, Room 6828, Main State, Washington, DC 20520. She may be reached at telephone number (202) 647-5968 or fax number (202) 647-5713.

Dated: April 14, 1998.

Alan P. Larson,

Assistant Secretary for Economic and Business Affairs.

[FR Doc. 98-10325 Filed 4-17-98; 2:16 p.m.]

BILLING CODE 4710-07-M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

[Summary Notice No. PE-98-6]

Petitions for Exemption; Summary of Petitions Received; Dispositions of Petitions Issued

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of petitions for exemption received and of dispositions of prior petitions.

SUMMARY: Pursuant to FAA's rulemaking provisions governing the application, processing, and disposition of petitions for exemption (14 CFR Part 11), this notice contains a summary of certain petitions seeking relief from specified requirements of the Federal Aviation Regulations (14 CFR Chapter I), dispositions of certain petitions previously received, and corrections. The purpose of this notice is to improve the public's awareness of, and participation in, this aspect of FAA's regulatory activities. Neither publication