

changes should be made to its rules to clarify the respective rights and responsibilities of OCC and the exchanges with respect to the reporting of current index values and the determination of settlement values.

OCC is proposing to amend Article XVII, Section 4 of its by-laws, which empowers OCC to fix an exercise settlement amount in the event that OCC determines that the current index value is unreported or otherwise unavailable, to make it clear that OCC has the authority to fix an exercise settlement amount whenever the primary market for securities representing a substantial part of the value of an underlying index is not open for trading at the time when the current index value (*i.e.*, the value used for exercise settlement purposes) ordinarily would be determined. OCC believes this authority is implicit in the language of the present by-law because in such circumstances the current index value would generally be "unreported or otherwise unavailable;" however, the proposed rule change will make OCC's authority explicit.⁷

In addition, the proposed change assigns the responsibility for fixing exercise settlement amounts to a panel consisting of OCC's Chairman and two designated representatives of each exchange on which the affected series is open for trading, one of whom shall be such exchange's representative on OCC's Securities Committee. This procedure to assign the decision-making responsibility to an exchange-controlled panel conforms with the procedures used in making determinations with respect to adjustments made pursuant to Article VI, Section 11.⁸ The proposed change authorizes the panel to fix the exercise settlement amount based on its judgment as to what is appropriate for the protection of investors and the public interest including, without limitation, fixing the exercise settlement amount on the basis of the reported level of the underlying index at the close of trading on the last preceding trading day for which a closing index level was reported.

Identical changes also are being made to Article XXIII, Section 5, which governs the fixing of exercise settlement amounts for FX Index Options. Under these proposed changes, the situation

contemplated by the last two sentences of the definition of "expiration date" in Article XXIII, Section 1.E.(3) (*i.e.*, where the primary market for underlying securities representing a substantial part of the value of an index is closed on an expiration date) will be explicitly covered by Article XXIII, Section 5; therefore, the last two sentences of Article XXIII, Section 1.E.(3) will be deleted.

The remainder of the proposed changes to the by-laws are technical changes that are being made primarily for the purpose of conforming those by-laws to changes approved in SR-OCC-94-08.⁹

OCC believes the proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder because it will facilitate the prompt and accurate clearance and settlement of transactions in index options and FX Index Options.

(B) Self-Regulatory Organization's Statement on Burden on Competition

OCC does not believe the proposed rule change will impose any burden on competition.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were not and are not intended to be solicited with respect to the proposed rule change, and none have been received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within thirty-five 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 ninety 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 OCC 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 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 in 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 OCC. All submissions should refer to the file number SR-OCC-95-18 and should be submitted by April 17, 1996.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-7344 Filed 3-26-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-36998; File No. SR-Phlx-95-77]

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval to Amendment Nos. 1 and 2 Relating to the Rules of the Allocation, Evaluation and Securities Committee

March 21, 1996.

I. Introduction

On December 22, 1995, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to update its By-Laws and rules relating to the Allocation, Evaluation and Securities Committee.

The proposed rule change was published for comment in Securities Exchange Act Release No. 36752 (Jan. 22, 1996), 61 FR 2557 (Jan. 26, 1996). No comments were received on the proposal.

¹⁰ 17 CFR 200.30-3(a)(12) (1995).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

⁷ During the NASDAQ event, OCC stood ready to exercise this authority had it become necessary. However, questions arose as to how OCC would have determined the prices to fix exercise settlement amounts. OCC's proposed changes to Article XVII, Section 4 are intended to address those issues.

⁸ Section 11 of Article VI sets forth the procedures by which adjustments are made to options.

⁹ *Supra* note 2.

On March 11, 1996, the Exchange submitted Amendment Nos. 1³ and 2⁴ to the proposed rule change. This order approves the proposed rule change, including Amendment Nos. 1 and 2 on an accelerated basis.

II. Description of Proposal

The Exchange proposes to update the Exchange's by-Laws and 500 Series of rules relating to the Allocation, Evaluation and Securities Committee ("Committee"). Specifically, Rules 500, 501, 505, 506, 508, 511 and 515 are being amended in addition to By-Law Article X, Section 10-7.

Composition of Allocation, Evaluation and Securities Committee

Currently, Phlx By-Laws require the committee to consist of not less than nine members, but do not specify a maximum member requirement. Moreover, Phlx By-Laws require that at least but not more than the minimum number of its members required to constitute a majority of all its members be composed of persons who conduct a public securities business. The balance of the Committee is to be composed of persons who are active on the equity trading floor as specialists or floor brokers and also persons who are active on the options trading floor as specialists, registered options traders or floor brokers.

The Exchange proposes to amend By-Law Article X, Section 10-7 and Phlx Rule 500 to revise the Committee size and structure. The By-Law section would continue to require a minimum of nine members on the Committee, but would be amended so that a quorum will always be five members. The Committee would be composed of members from the core committee and the allocation panel. The core committee members are to serve a three-

year term and may not serve for more than two consecutive terms. Members of the allocation panel are to serve for a one-year term. Amended Phlx Rule 500 would specify the compositions of the Committee, core committee, and the allocation panel.

Under new Phlx Rule 500(b), the Committee is to consist of the five member core committee and four members of the allocation panel appointed for each meeting on a rotating alphabetical basis. In situations where none of such nine members have particular knowledge of an issue being discussed, the Chairman of the Committee is required to invite extra members of the allocation panel with the relevant knowledge or expertise. Moreover, any member of the core committee and the allocation panel may attend and vote at any meeting of the Committee. Finally, at every meeting in which specialist privileges are to be allocated, at least one core committee member who conducts a public securities business and one other core committee member must be in attendance and not be recused from voting.

Amended Phlx Rule 500(a) would require that the core committee be composed of three persons who conduct a public securities business, one person who is active on the equity trading floor as a specialist or floor broker and one person who is active on the options trading floor as a specialist, registered options trader, or floor broker. Rule 500(a) would also require that the allocation panel be composed of six persons who conduct a public securities business, five persons who are active on the equity trading floor as a specialist or floor broker, five persons who are active on the options trading floor as a specialist, registered options trader or floor broker, and four persons who are active on the foreign currency options trading floor as a specialist, registered options trader or floor broker. The six members of the allocation panel who conduct a public securities business would be divided equally between options and equity persons.

Specialist Appointment

Currently, under Phlx Rule 501, an application to become a specialist unit must include the unit's plan to respond to extraordinary circumstances such as the temporary or permanent loss of the head or key assistant specialist or the sudden influx of order flow in the assigned issue. The Exchange is proposing to amend this rule to require instead that an application specify the unit's back up arrangements endorsed by the parties providing such support.

Moreover, amended Phlx Rule 501(b) would require an application for an individual to act as a specialist to include an account of the abilities and background of the applicant. Finally, amended Phlx Rule 501(d) would require that the specialist unit notify promptly the Exchange staff and the Committee in writing of any change in registration information and any material change in the application for any assigned issue once an applicant is approved by the Committee as a specialist unit.

Allocation, Reallocation and Transfer of Issues

Currently, the equity book or options class may be registered in either the name of the unit, the individual acting as specialist, or jointly in the name of the unit and the specialist ("Registrant"). There is no requirement in the rules that the Registrant be an Exchange member or approved specialist.

The Exchange is proposing to amend Phlx Rule 505 to require specifically that all Registrants be Exchange members and approved specialists. Moreover, the Exchange proposes to require equity books or options classes that are subject to a lease to be registered in the name of the Registrant and the name of the unit performing specialist duties be noted on the registration form.

Allocation Application

Currently, Phlx Rule 506 states that applicants for allocation of securities may make and the Committee may request personal appearances. The Exchange proposes to amend Rule 506 so that the Committee would request personal appearances when there are five or more applicants for an allocation. The amended rule, however, would provide that the failure to appear would not disqualify an applicant.

Currently, under Phlx Rule 508, a specialist does not have to seek Committee approval when it proposes to transfer all of its specialist privileges, but it must do so to transfer less than all of its privileges. The Exchange proposes to amend Rule 508 to require all proposed transfers and leases of specialist privileges be subject to prior Committee approval.

The Exchange also proposes to add Commentary .01 to Rule 508 to impose a 45-day moratorium on trading floor location moves when option specialist privileges are transferred except that the Options Committee may shorten this time period if necessary.

³ See letter from Michele Weisbaum, Associate General Counsel, to Glen Barrentine, Senior Counsel, SEC, dated March 7, 1996. Amendment No. 1 amends Rule 500(a) to require that the six public members of the allocation panel be evenly divided between options and equity persons and adds new Commentary .01 to Rule 500 to require the Committee chairman to appoint extra panelists with relevant expertise if the alphabetically chosen allocation panel members and core committee members do not have such knowledge. Amendment No. 1 also withdraws portions of the filing to be repropounded in a related filing pending with the Commission (SR-Phlx-95-91) and adds a reference to the Foreign Currency Options Committee in paragraph (c) to By-Law Article X, Section 10-7.

⁴ See letter from Michelle Weisbaum, Associated General Counsel, to Jennifer Choi, Attorney, Division of Market-Regulation, SEC, dated March 8, 1996. Amendment No. 2 submits in this filing an amendment to Phlx Rule 515(b) that was originally submitted in File No. SR-Phlx-95-91. Amended Phlx Rule 515(b) would refer to the new allocation reviews to be conducted within 90 days.

*Specialist Performance Evaluation*⁵

Under Phlx Rule 511 as proposed to be amended, the Committee, in addition to allocating new equity books and options classes and reallocating existing equity books and options classes, would approve transfers of existing equity books and options classes to applicants based on the results of the evaluations conducted pursuant to Rule 515 and other such factors as the Committee deems appropriate. As a result, Phlx Rule 511 as proposed to be amended would apply the criteria currently set forth in the rule for making allocation and reallocation decisions to transfer decisions. The Exchange is also proposing to include among the factors that the Committee may consider in making such decisions the order flow commitments, any prior transfers of specialist privileges by the applicant and the reasons therefore.

Currently, Rule 511(b) provides that all allocations are to be made initially on a temporary basis for a period up to 60 days within which time the Committee may conduct a special review. The Exchange proposes to increase the temporary allocation period to a period up to 90 days. At present, Phlx Rule 511 also provides for the Committee to conduct two kinds of reviews of specialist units; routine quarterly reviews and transfers and material changes reviews. Rule 511(c), as proposed to be amended, would continue to provide for routine quarterly reviews and proposed Rule 511(d)(2) would continue to provide for a special review in the event of a transfer or material change. In addition, proposed Rule 511(d)(1) would provide for a new special review after a new allocation.

New Phlx Rule 511(d)(2) would require the Committee to commence a specialist review pursuant to Rule 515 within 60 days after a transfer (including a lease) of one or more equity books or options classes has become effective or when there has been a material change in the specialist unit. Moreover, in cases where a transfer has been effected, the Exchange proposes that the Committee would evaluate the performance of the Registrant and if the new unit's performance is below minimum standards, the unit would be given 30 days in which to improve its performance prior to beginning reallocation proceedings.

For new allocations, new Phlx Rule 511(d)(1) would require the Committee to commence special reviews within 90 days after one or more equity books or options classes have been allocated. The new allocations reviews would take into account whether the Registrant is complying with the commitments that it made either orally at an appearance before the Committee or on its written application. If the Committee determines that the Registrant has not complied with any of the commitments that it made when applying for the equity book or options class including, but not limited to commitments regarding capital, personnel, order flow, and PACE, the Registrant would be afforded 30 days in which to comply with such commitments and if it does not do so, the Committee would institute proceedings to determine whether to remove and reallocate one or more securities.

Specialist Evaluations

The Exchange proposes to amend Phlx Rule 515(b) to refer to the new allocation reviews to be conducted within 90 days after the Committee has allocated a security. This amendment is intended to make Rule 515(b) consistent with amended Phlx Rule 511(d)(1).

Foreign Currency Options

Finally, the Exchange proposes various amendments to the rules to include references to foreign currency options and the Foreign Currency Options Committee where appropriate.

III. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b).⁶ The Commission believes the proposal is consistent with the Section 6(b)(5) requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, and, in general, to protect investors and the public interest. Moreover, the Commission finds that the rule change is consistent with Section 11(b) of the Act⁷ and Rule 11b-1 thereunder,⁸ which allow exchanges to promulgate rules relating to the specialists' obligations to maintain fair and orderly markets.

The Commission fully supports Phlx's effort to evaluate its current allocation policies and address issues that have arisen since the initial adoption of the policies in 1987.⁹ For the reasons set forth below, the Commission believes that the amended By-Law and rules relating to the Allocation, Evaluation and Securities Committee should enhance the Exchange's allocation process and protect investors and the public interest.

Specialists play a crucial role in providing stability, liquidity and continuity in the trading of securities. Among the obligations imposed upon specialists by the Exchange, and by the Act and the rules thereunder, is the maintenance of fair and orderly markets in their designated securities. To ensure that specialists fulfill these obligations, it is important that the Exchange develop and maintain securities allocation procedures and policies that ensure that securities are allocated in an equitable and fair manner and that all specialists have a fair opportunity for allocations based on established criteria and procedures. To this end, the Commission believes that meaningful and effective allocation policies would improve the allocation system.

The Commission believes that amending the composition of the Committee should provide an opportunity for expertise and objectivity¹⁰ on the Committee, which in turn, should promote suitable matches between specialist units and the securities to be allocated. The Commission believes that the amended quorum requirement would enable the Committee to meet and make decisions

⁹ The rules initially were approved by the Commission as an eight month pilot program on May 21, 1987. See Securities Exchange Act Release No. 24496 (May 21, 1987), 52 FR 20183 (May 29, 1987). On February 23, 1988, the pilot program was extended indefinitely until further action was taken by the Commission. See Securities Exchange Act Release No. 25388 (Feb. 23, 1988), 53 FR 6725 (Mar. 2, 1988). The rules were permanently approved on June 26, 1991. See Securities Exchange Act Release No. 29369 (June 26, 1991), 56 FR 30604 (July 3, 1991).

¹⁰ The Exchange has represented to the Commission that the Exchange applies Phlx By-Law Article IV, Section 4-8, which provides that "no person shall participate in the adjudication of any matter in which he is personally interested," to the conduct of all standing committee, subcommittee, hearing panel and panel members. In this regard, the Exchange assures the Commission that no member of the Allocation, Evaluation and Securities Committee or any subcommittee or panel thereof may participate in the deliberation and/or voting on any award or reallocation of a book or options class in which such member or his affiliated firm will have an interest in the outcome. See letter from William W. Uchimoto, First Vice President and General Counsel, Phlx, to Jennifer S. Choi, Attorney, Division of Market Regulation, SEC, dated March 20, 1996.

⁵ Concurrently, with this proposed rule change, the Exchange has submitted File No. SR-Phlx-95-91, which proposes to revise the options specialist evaluation form and review procedure. See Securities Exchange Act Release No. 36776 (Jan. 26, 1996), 61 FR 3748 (Feb. 1, 1996).

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78k(b).

⁸ 17 CFR 240.11b-1.

as necessary on short notice while still ensuring that various interests are represented at the meetings so that such decisions are made fairly.

With respect to the Committee, core committee and the allocation panel, the Commission believes that the proposed compositions would adequately represent the options and equity floors and the public business perspective of the Exchange as well as ensure that no one group dominates the committees. The Committee is to be composed of the five member core committee and four members of the allocation panel appointed for each meeting on a rotating basis. In situations where the Committee does not represent or adequately represent constituencies that are affected or interested in the issues being discussed at a particular meeting, the Chairman of the Committee would invite extra members of the allocation panel with the relevant knowledge and expertise. Moreover, any member would always have the option of attending and voting at any meeting. Conducting each meeting with a combination of persons with the relevant expertise and those with differing perspectives should contribute to an opportunity for a fair and equitable resolution of issues. Finally, the requirement that at least two core committee members (including one conducting a public securities business) be part of the quorum would ensure a minimum level of experience at every meeting.

The Commission believes that the Exchange's proposal to require the applications for specialist appointments to specify the unit's back up arrangement endorsed by the parties providing such support and the abilities and background of the applicant would help ensure that the Committee evaluates an application with the relevant information. Moreover, the proposal that the specialist unit notify promptly the Exchange staff and the Committee in writing of any change in registration information and any material change in the application for any assigned issue would assist the Exchange in determining whether a particular specialist unit continues to be capable of performing its specialist functions.

The Exchange also proposes to amend Rule 506 so that the Committee would request personal appearances before it when there are five or more applicants for an allocation. The Commission does not believe this requirement would be too onerous on the applicants, especially because the failure to appear would not disqualify an applicant.

The Exchange also proposes to require that all proposed transfers and leases of

specialist privileges be subject to prior Committee approval. The Commission believes that this amendment would allow the Exchange to monitor the transfers and leases of specialist privileges more carefully and consider the qualifications of proposed transferees and lessees before the specialist privileges are transferred or leased. This prior review would enable the Exchange to reject those units or specialists that the Exchange believes are not qualified for such responsibilities.

The Exchange also proposes to amend Phlx Rule 511 to require the Committee to approve transfers of existing equity books and options classes to applicants based on the results of the evaluations conducted pursuant to Rule 515 and other factors that the Committee may deem appropriate. The Commission believes that evaluating transfers of securities based on criteria already being used for allocating new securities and reallocating existing securities is appropriate because the concerns in allocating new securities and reallocating existing securities are equally applicable to transfers of existing securities.

With respect to transfer of option specialist privileges, the Exchange proposed a 45-day moratorium on trading floor locations moves although the Options Committee may shorten this time period if necessary. The Commission believes that this alternative is reasonable to give staff and traders in the crowd time to prepare for the move.

The Exchange also proposes to extend the period for which allocations are temporarily made to 90 days. This extension of time would allow the Exchange more time to evaluate whether an allocation was appropriate made.

The Exchange also amends the Transfer and Material Changes Reviews and proposes a new type of "special review." For transfers and material changes, amended Rule 511(d)(2) would require the Committee to commence a specialist review pursuant to Rule 515 within 60 days after a lease as well as a transfer or when there has been a material change in the specialist unit. The Commission believes that this proposal would provide the Exchange with an opportunity to review leases as well as transfers of specialist privileges to promote an efficient allocation program. In situations where a transfer has been effected, the Exchange proposes that the Committee evaluate the performance of the unit, which must improve its performance within 30 days if it falls below minimum standards. The Commission believes that this

allowance of time to improve performance is reasonable.

The Exchange also proposes to conduct reviews of new allocations within 90 days after the security has been allocated by the Committee. The Committee would evaluate the unit based on the representation it made either orally at an appearance before the Committee or on its written application. The unit would be given 30 days to comply with the representations it made before the Committee would institute proceedings to determine whether to reallocate the securities. The Commission believes that the proposal would provide the Exchange with a reasonable time period to evaluate the performance of the specialist unit and that it is appropriate to evaluate the unit based on the representations it made either orally or in writing to the Committee.

The Commission finds good cause for approving Amendment Nos. 1 and 2 to the proposed rule change prior to the thirtieth day after the date of publication of notice of filing thereof. Amendment No. 1 assures the Commission that the Committee would have adequate representation and expertise to conduct each meeting efficiently and reach resolutions to issues fairly and withdraws certain amendments that are to be refiled in a related rule filing.¹¹ Amendment No. 2 also includes in this filing a proposed rule change (originally submitted in File No. SR-Phlx-95-91) that references another rule that is being amended in this filing. These amendments to the proposal strengthen the Phlx's allocation policies. In addition, the Exchange's original proposal was published in the Federal Register for the full statutory period and no comments were received.¹² Based on the above, the Commission finds that there is good cause, consistent with Section 6(b)(5) of the Act, to accelerate approval of Amendment Nos. 1 and 2.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning Amendment Nos. 1 and 2. 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

¹¹ Certain proposals were withdrawn from this filing to be repropounded in a relating filing pending with the Commission (File No. SR-Phlx-95-91) because the substance of the rule proposals is being proposed in the other filing.

¹² See Securities Exchange Act Release No. 36752 (Jan. 22, 1996), 61 FR 2557 (Jan. 26, 1996).

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-Phlx-95-77 and should be submitted by April 17, 1996.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹³ that the proposed rule change (SR-Phlx-95-77) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁴

Jonathan G. Katz,
Secretary.

[FR Doc. 96-7392 Filed 3-26-96; 8:45 am]

BILLING CODE 8010-01-M

SMALL BUSINESS ADMINISTRATION

[License No. 01/10-0076]

Central Texas Small Business Investment Corporation; Notice of Surrender of Licensee

Notice is hereby given that Central Texas Small Business Investment Corporation ("Central Texas"), One Canterbury Green, P.O. Box 120013 Stamford, Connecticut 06912-0013 has surrendered its License to operate as a small business investment company under the Small Business Investment Act of 1958, as amended (Act). Central Texas was licensed by the Small Business Administration on March 29, 1962.

Under the authority vested by the Act and Pursuant to the Regulations promulgated thereunder, the surrender of the license was accepted on February 20, 1996, and accordingly, all rights, privileges, and franchises derived therefrom have been terminated.

(Catalog of Federal Domestic Assistance Program No. 59.011, Small Business Investment Companies)

Don A. Christenson,

Associate Administrator for Investment.

[FR Doc. 96-7320 Filed 3-26-96; 8:45 am]

BILLING CODE 8025-01-P

SOCIAL SECURITY ADMINISTRATION

Notice of Proposed Change in Magnetic Media Filing Requirements for Form W-2 Wage Reports; Request for Comments

SUMMARY: Notice is hereby given that SSA is currently considering a change to its Technical Instruction Bulletin for Magnetic Media Reporting (TIB-4) under which SSA would no longer accept annual Form W-2 wage reports filed on 8 inch diskettes. Instead, such wage reports would have to be filed by employers or third-party preparers on 5¼ inch or 3½ inch diskettes; on ½ inch magnetic tape; or on 3480 cartridges. Before further consideration is given to this proposal, SSA would like to receive any comments the public may offer on the proposed change.

DATES: Comments must be received on or before April 26, 1996.

ADDRESSES: Comments on this proposal should be mailed or delivered to Norman Goldstein, Senior Financial Executive, Social Security Administration, Room 451 Altmeyer Building, Baltimore, MD 21235; or sent by telefax to (410) 966-8753.

FOR FURTHER INFORMATION CONTACT:

Richard Harron, Chief, Earnings Records and Reporting Branch, Office of Program Benefits Policy, Social Security Administration, 3-F-26 Operations Building, Baltimore, MD 21235, telefax (410) 966-9214.

SUPPLEMENTARY INFORMATION: Under section 6011(e) of the Internal Revenue Code and section 301.6011-2 of Internal Revenue Service (IRS) Regulations, employers who file 250 or more Form W-2 (Wage and Tax Statement) returns in a year after 1986 must file them on magnetic media. Employers with fewer returns may file on magnetic media on a voluntary basis.

Pursuant to an agreement with the IRS, SSA receives and processes employers' Form W-2 wage returns for use by both agencies. Each tax year, SSA sets out the requirements for filing magnetic media Form W-2 reports in its TIB-4 publication, which is sent to each employer who filed such reports in the preceding year. Magnetic media reports that do not meet these requirements are returned unprocessed to the submitter.

Most diskette reports filed by employers with SSA are filed on 3½ inch or 5¼ inch diskettes based upon an MS-DOS operating system. About 15% of the diskettes received by SSA are 8 inch diskettes produced by older computer equipment which is more expensive to repair and uses a different operating system. Equipment for the 8 inch diskettes is rapidly becoming obsolete and the number of returns filed in this manner is declining. SSA's continued processing of diskettes based on the two different operating systems requires the maintenance of equipment for both systems and special handling to "translate" 8 inch diskette data to a usable form. Moreover, the TIB-4 requirements for all filers are of necessity more complex. The consequence is slower and more costly wage reporting processes, with the additional costs having to be borne, in part, by other employers using more up-to-date equipment.

SSA is also exploring ways to simplify its disk reporting process as well as to receive more Form W-2 wage reports by electronic data transmission over telephone lines. SSA's objective is to achieve a more efficient process for both the Agency and employers. However, such efforts cannot be fully effective so long as SSA maintains requirements based on two operating systems. For these reasons and the readily available alternatives for diskette filers in the computer market, SSA is considering the possibility of eliminating 8 inch diskette from its list of acceptable magnetic media reporting formats.

Dated: March 20, 1996.

Norman Goldstein,

Senior Financial Executive.

[FR Doc. 96-7377 Filed 3-26-96; 8:45 am]

BILLING CODE 4190-29-P

DEPARTMENT OF TRANSPORTATION

Coast Guard

[CGD 96-011]

National Environmental Policy Act: Agency Procedures for Categorical Exclusions

AGENCY: Coast Guard, DOT.

ACTION: Notice of agency policy.

SUMMARY: The Coast Guard is announcing a change to its procedures and policies concerning agency actions which do not individually or cumulatively have a significant effect on the human environment under the National Environmental Policy Act

¹³ 15 U.S.C. 78s(b)(2).

¹⁴ 17 CFR 200.30-3(a)(12).