

For the Nuclear Regulatory Commission
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*Director, Northeast Utilities Project
Directorate, Division of Reactor Projects—
I/II, Office of Nuclear Reactor Regulation.*
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POSTAL SERVICE

Privacy Act of 1974; System of Records

AGENCY: Postal Service.

ACTION: Notice of the addition of a routine use to an existing system of records.

SUMMARY: This document publishes notice of the addition of a routine use to Privacy Act system of records USPS 050.020, Finance Records—Payroll System. The routine use allows disclosure of limited information to the Department of Health and Human Services (DHHS) for the purpose of identifying postal employees who are absent parents owing child support obligations and/or parents involved in parental kidnapping and child custody cases.

This notice complies with subsection (e)(11) of the Privacy Act (5 U.S.C. 552a), which requires agencies to publish advance notice of any new use of information in a system of records.

DATES: Any interested party may submit written comments on the proposed routine use. This proposal will become effective without further notice July 22, 1996, unless comments received on or before that date result in a contrary determination.

ADDRESSES: Written comments on this proposal should be mailed or delivered to Payroll Accounting/Records, United States Postal Service, 475 L'Enfant Plaza SW, Room 8650, Washington, DC 20260-5242. Copies of all written comments will be available at the above address for public inspection and photocopying between 8 a.m. and 4:45 p.m., Monday through Friday.

FOR FURTHER INFORMATION CONTACT: Betty E. Sheriff, (202) 268-2608.

SUPPLEMENTARY INFORMATION: Privacy Act system of records USPS 050.020, Finance Records—Payroll System, contains records about current and former postal employees. The records are used for handling payroll and other administrative functions. It is proposed that the system be amended to add routine use No. 31, which will allow the Postal Service to disclose limited information to the Department of Health and Human Services (DHHS) for the

purpose of identifying postal employees who are absent parents owing child support obligations and/or individuals involved in parental kidnapping and child custody cases.

The Office of Child Support Enforcement of the DHHS operates a Federal Parent Locator Service (FPLS) pursuant to section 653 of Title 42, U.S.C. The FPLS was established to locate absent parents and later broadened to locate persons involved in parental kidnapping and child custody cases. The FPLS obtains from state child support enforcement agencies information about individuals who owe child support obligations and/or individuals who are involved in the unlawful taking or restraint of a child. It compares that information to federal employment data and returns matching records to the state child support enforcement agencies for follow-up. Proposed routine use No. 31 allows the Postal Service to disclose to DHHS information about current or former postal employees for matching under the FPLS. Information disclosed will be limited to those data elements considered relevant to that purpose.

The proposed routine use is compatible with the purpose for collecting the information; that is, for handling all necessary payroll functions. It is the policy of the Postal Service that postal employees should honor their parental responsibilities and financial obligations. In implementing that policy, the Postal Service helps enforce court orders for child support by garnishment of wages. Because information within system USPS 050.020 is collected to handle payroll functions, and wage garnishment is a primary means of child support enforcement, proposed routine use No. 31 is clearly compatible with the purpose of the system.

Pursuant to 5 U.S.C. 552a(e)(11), interested persons are invited to submit written data, views, or arguments on this proposal. A report of the proposed routine use has been sent to Congress and to the Office of Management and Budget for their evaluation.

USPS Privacy Act system 050.020 was last published in its entirety in the Federal Register on December 4, 1992 (57 FR 57515-57519) and was amended in the Federal Register on November 22, 1993 (58 FR 61718-61719). The Postal Service proposes adding routine use No. 31 as shown below.

USPS 050.020

SYSTEM NAME:

Finance Records—Payroll System,
050.020.

* * * * *

ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND THE PURPOSES OF SUCH USES:

* * * * *

31. Disclosure of limited information about current or former postal employees, who are identified through computer matching, may be made to the Department of Health and Human Services pursuant to 42 U.S.C. 653, Parent Locator Service, for further release to state child support enforcement agencies when needed for locating noncustodial parents in order to establish and/or enforce child support obligations and for locating parents who may be involved in parental kidnapping or child custody cases.

Stanley F. Mires,

Chief Counsel, Legislative.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-37280; File No. SR-Amex-96-19]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the American Stock Exchange, Inc., Relating to the Elimination of Position and Exercise Limits for FLEX Equity Options

June 5, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 21, 1996, the American Stock Exchange, Inc. ("Amex" 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.

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

The Amex, pursuant to Rule 19b-4 of the Act, proposes to amend Exchange

¹ 15 U.S.C. § 78s(b)(1) (1988).

² 17 CFR 240.19b-4.

Rule 906G to eliminate position and exercise limits for FLEX Equity Options.

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 Amex 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 Amex 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

In December 1995, the Exchange filed with the Commission a proposal to expand its Flexible Exchange Option³ program to include FLEX options on equity securities.⁴ That proposal sets forth position limits for FLEX Equity Options at three times the position limits for the corresponding Non-FLEX Equity Options. The Exchange now proposes to eliminate position and exercise limits for FLEX Equity Options.

The Exchange believes that the elimination of such limits is appropriate given the institutional nature of the market for FLEX Equity Options. Currently, according to the Exchange, many large investors find the use of exchange-traded options impractical because of the constraints imposed by position limits. In the alternative, in the absence of position limits, additional investors will be attracted to exchange-traded options, thereby reducing transaction costs as well as improving price efficiency for all exchange-traded option market participants.

The Exchange also believes that FLEX Equity Options, unconstrained by position limits, may become an important part of large investors' investment strategies. For instance, in the absence of position limits, investors will be able to use options to implement

specific viewpoints regarding the underlying common stock; viewpoints that take into account specific near- and long-term expectations for the underlying stock price and judgments on price volatility. Similarly, the ability to execute large exchange-traded option transactions will permit large investors to implement transactions that reflect the strength of their interest in buying or selling the underlying shares, as well as their concern or lack of concern for the timing of the sale.

The Exchange also anticipates that issuers of stocks underlying FLEX Equity Options will use these options, primarily through the sale of puts, as part of their stock repurchase programs.⁵ For example, General Electric and Philip Morris each recently announced corporate repurchase programs of approximately 100 million shares. Selling puts to implement these programs would have required the use of one million standardized option contracts, an amount far in excess of the position limits currently available for options on these companies. Similarly, the Amex attached to its proposal twenty-seven news stories of companies whose stocks underlie Amex traded option contracts announcing other corporate repurchase programs during 1995 and the first quarter of 1996.⁶ In each instance, the announced size of the buyback significantly exceeded the number of shares that could be repurchased under the position limits currently imposed on FLEX Equity Options. While the Exchange does not expect that corporate issuers will use the sale of put options to buy all the securities that are covered by their repurchase programs, FLEX Equity Options without position limits will at least provide issuers with a meaningful alternative. The inability of corporations to use the sale of exchange-traded equity put options on a significant scale relegates this activity to less transparent markets.

The Exchange believes that making the Exchange-traded options market more accessible to large investors will create more "complete" markets and thereby better serve investors and issuers. In addition, the Exchange believes that institutional investors, large individual investors, and corporate issuers repurchasing their own shares will find FLEX Equity Options without position limits extremely attractive.

Moreover, this activity will occur in the regulated, transparent domestic FLEX Equity Option markets rather than in offshore markets which do not come under Commission oversight.

Pursuant to Section 13(d) of the Act and the rules and regulations thereunder, the inclusion of any option position is required when reporting the beneficial ownership of more than 5% of any equity security.⁷ The integration of options and reporting requirements in the underlying security pursuant to Section 13(d) makes large option positions widely known and easily monitored by regulators and other market participants. In this light, FLEX Equity Options trading will have the transparency of any exchange-traded option transaction or position (open interest) plus the call market focus of liquidity inherent in the Request For Quote ("REQ") process. Similar to non-FLEX options, positions in FLEX options are required to be reported to the Exchange when an account establishes an aggregate same-side of the market position of 200 or more FLEX option contracts. The Exchange's proposal is based on the belief that manipulation is best controlled through active and transparent markets.

The Exchange recognizes the theoretical opportunity for a would-be manipulator to initiate a large FLEX Equity Option RFQ with no intention of actually trading. Such tactics, however, would be patently obvious to Exchange compliance officials as well as to the Commission. Moreover, trading against a bogus FLEX Equity Option RFQ seems readily actionable under existing laws and regulations.

2. Statutory Basis

The Amex believes that the proposed rule change is consistent with Section 6(b) of the Act in general, and with Section 6(b)(5) in particular,⁸ in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

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

The Amex does not believe that the proposed rule change will impose any inappropriate burden on competition.

³ In general, FLEX Equity Options provide investors with the ability to customize basic option features, including size, expiration date, exercise style, and exercise price.

⁴ See Securities Exchange Act Release No. 37053 (March 29, 1996), 61 FR 15537 (April 8, 1996) (File No. SR-Amex-95-57) (notice of filing relating to the listing and trading of Flexible Exchange Options on specified equity securities). The Commission notes that the FLEX Equity Option filing is currently being reviewed.

⁵ The Commission notes that issuers would, of course, need to comply with all applicable provisions of the federal securities laws in conducting their share repurchase programs.

⁶ The Commission notes that the new stories are available for examination at the Amex or at the Commission, as specified in Item IV below.

⁷ Pursuant to Rule 13d-3 under the Act, a person will be deemed to be the beneficial owner of a security if that person has the right to acquire beneficial ownership of such security within sixty days, including the right to acquire through the exercise of any option.

⁸ 15 U.S.C. § 78f(b)(5) (1988).

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

No written comments were solicited or received with respect to the proposed rule change.

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 Amex 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 Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing also will be available for inspection and copying at the principal office of the Amex. All submissions should refer to File No. SR-Amex-96-19 and should be submitted by July 3, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-14811 Filed 6-11-96; 8:45 am]

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[Release No. 34-37281; File No. SR-Amex-96-14]

Self-Regulatory Organizations; Order Approving Proposed Rule Change by the American Stock Exchange, Inc. Relating to the Exchange Board of Governors

June 6, 1996.

I. Introduction

On April 18, 1996, the American Stock Exchange, Inc. ("Amex" or "Exchange") submitted to the Securities and Exchange Commission ("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 amend Articles II, III and XII of the Exchange Constitution relating to the Board of Governors ("Board"). The proposed amendments would permit the appointment of a second Vice-Chairman, allow for the inclusion of the second highest ranking Exchange executive officer on the Board, and permit certain Governors to be eligible for nomination to a third term. Notice of the proposed rule change appeared in the Federal Register on April 29, 1996.³ No comment letters were received on the proposed rule change. This order approves the Amex's proposal.

II. Description of Proposal

A. Board Position Amendments

Article II, Section 2 of the Exchange Constitution currently calls for the appointment of one Vice-Chairman from among the Exchange members serving on the Board, and it has been customary over the years to alternate between the trading floor and "upstairs" communities as the source of that Vice-Chairman. Given the importance of both these communities to the Exchange, the Amex believes that it is desirable to be able to have one Vice-Chairman from each constituency. Accordingly, the proposed amendments will permit (but not require the appointment of two member Vice-Chairmen, and will specify that if there are two Vice-Chairmen, one must come from the trading floor and one from upstairs.⁴

¹ 15 U.S.C. § 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 37138 (April 23, 1996), 61 FR 18765 (April 29, 1996).

⁴ Proposed Article II, Section 2 provides that the Board shall elect "one or more" Vice-Chairmen of the Board. The Amex believes that when read together with Article II, Section 3(b), it is clear that there may be only two Vice-Chairmen. Indeed, this approval order only permits the appointment of a maximum of two Vice-Chairmen. The Exchange, however, has represented that it will revise Article II, Section 2 to clarify that a maximum of two Vice-

The Exchange would also like to create a new position of Executive Vice-Chairman, who will be the second highest ranking officer of the Exchange and who will serve as a member of the Board of Governors. The Executive Vice-Chairman would be appointed by the Chairman of the Board, subject to approval by the affirmative vote of a majority of the entire Board. If the Executive Vice-Chairman position is not filled and the Exchange has a President, then the President will serve on the Board. If at any time neither of those offices are filled, then the Chief Executive would be the only non-elected⁵ member of the Board.

B. Third Term Amendment

It has become apparent to the Exchange that at times the special limitations in the Constitution relating to which kind of Governors can serve third terms at any given time could be a limitation on having the best possible slate of public Governor candidates. Accordingly, it is proposed that the Exchange increase from two to three the maximum number of third term Governors who can be representatives of the public. There is no change to the overall limitation that no more than four third-term Governors may be serving at one time.

C. Committee Amendments

The Exchange is also proposing to amend Article XII, Section 2 of the Exchange Constitution, Composition of the Emergency Committee. This Section currently provides that the Emergency Committee is to be composed of the Chairman of the Board of Governors, the Vice-Chairman of the Board, and the three senior members of the Board who are regular, options principal, associate or allied members of the Exchange. The proposed amendment would change the composition of the Committee such that any Executive Vice-Chairman or President would be on the Committee. Moreover, if there are two Vice-Chairmen, both would serve on this Committee.

Finally, the Exchange is proposing to amend Article II, Section 4(a) of the Constitution, Executive Committee, to ensure that if there are two Vice-Chairmen, both are included on the Executive Committee.

Chairmen may be appointed. See Letter from Claudia Crowley, Special Counsel, Legal & Regulatory Policy, Amex, to Glen Barrentine, Division of Market Regulation, Commission, dated April 26, 1996.

⁵ The term "non-elected" in this context means not elected by the membership. The Chief Executive, or Chairman of the Board, is elected by the Board of Governors. See Amex Constitution, Article II, Section 2.

⁹ 17 CFR 200.30-3(a)(12).