

The Exchange believes the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act⁷ that an exchange have rules that are designed to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

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

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange has not solicited, and does not intend to solicit, comments on the proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

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

Interest 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 the NYSE. An submissions should refer to File No. SR-NYSE-97-23 and should be submitted by September 10, 1997.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-22058 Filed 8-19-97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38933; File No. SR-PCX-97-25]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Pacific Exchange, Inc. Relating to the Reduction in Minimum Size for Closing Transactions in FLEX Equity Options

August 13, 1997.

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 July 21, 1997, the Pacific Exchange, Inc. ("PCX" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I and II below, which Items have been prepared by the PCX. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and to grant accelerated approval to the proposed rule change.

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

The Exchange proposes to reduce from 100 contracts to 25 contracts the minimum value size of closing transactions in and exercises of FLEX Equity Options, and to make a comparable reduction in the minimum value size of FLEX Equity Quotes in response to a Request for Quotes. The text of the proposed rule change is available at the Office of the Secretary, PCX and at the Commission.

⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4 (1991).

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 PCX 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 III 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

The purpose of the proposed rule change is to reduce from 100 contracts to 25 contracts the minimum value size of closing transactions in and exercises of FLEX Equity Options, and to make a comparable reduction in the minimum value size of FLEX Equity Quotes in response to a Request for Quotes.

Currently, Rule 8.102(d)(3) imposes a 100 contract minimum on all transactions in FLEX Equity Options unless the transaction is for the entire remaining position in the account. The Exchange believes that the current minimum value size of closing and exercise transactions in FLEX Equity Options is too large to accommodate the needs of certain members firms and their customers.³ These firms may purchase 100 or more FLEX Equity Options in an opening transaction for a single firm account in which more than one of the firm's clients have an interest. If one of these clients wants to redeem its investment in the account, the firm likely will want to engage in a closing or exercise transaction in order to reduce the account's position in those FLEX Equity Options by the number being redeemed. Thus, if the redeeming client's interest is less than 100 FLEX Equity Options and does not represent the total remaining position in the account, Rule 8.102(d)(3), as it stands presently, prevents the firm from closing or exercising positions of this size.

The Exchange believes that the proposed rule change would remedy the situation described above, by permitting an order to close or exercise as few as

³ The Exchange notes that the existing customer base for FLEX Equity Options includes both institutional investors, in particular mutual funds, money managers and insurance companies, and high net worth individuals who meet the "sophisticated investor" criteria applied to various clients by Exchange member firms.

⁷ 15 U.S.C. 78f(b)(5).

25 FLEX Equity Option contracts. The corresponding change to Rule 8.102(d)(4), which governs the minimum size for FLEX Equity Quotas that may be entered in response to Request for Quotes, is necessary in order to provide the liquidity needed to facilitate the execution of closing orders between 25 and 99 FLEX Equity Option contracts that would be permitted by the proposed amendment to Rule 8.102(d)(3).⁴

The Exchange represents that it will issue a circular that (1) describes the new rule; and (2) reminds all members and member firms of their continuing responsibility to ensure that FLEX Equity Options are utilized only by sophisticated investors with the necessary financial resources to sustain the possible losses arising from transactions in the requisite FLEX Equity Options class size.⁵ The Exchange also will submit surveillance procedures for the Commission's review.⁶ The Exchange believes these procedures will help to ensure that only such sophisticated investors are utilizing this product.

The Exchange believes by providing firms and their customers greater flexibility to trade FLEX Equity Options by lowering from 100 to 25 the minimum number of contracts required for a closing transaction, for exercises, and for FLEX Quotes responsive to a Request for Quotes, the proposed rule change is consistent with and furthers the objectives of Section 6(b)(5) of the Act⁷ by removing impediments to and perfecting the mechanism of a free and open market in securities and other serving to protect investors and the public interest.

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

The PCX does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments on the proposed rule change were neither solicited nor received.

⁴ The Commission notes that the minimum size for an opening transaction in a Request for Quotes is 250 contracts for any FLEX series in which there is no open interest, and 100 contracts in any currently opened FLEX series. See PCX Rule 8.102(d)(2) and (3).

⁵ See File No. SR-PCX-97-25.

⁶ *Id.*

⁷ 15 U.S.C. 78f(b)(5).

III. 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 NW., Washington, DC 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 Room, 450 Fifth Street NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the PCX. All submissions should refer to File No. SR-PCX-97-25 and should be submitted by September 10, 1997.

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

The Exchange has requested accelerated effectiveness of this proposed rule change. The Commission has reviewed carefully the PCX's proposed rule change and believes, for the reasons set forth below, the proposal is consistent with the requirements of Section 6 of the Act,⁸ and the rules and regulations thereunder applicable to a national securities exchange.⁹ Specifically, the Commission believes the proposal is consistent with Section 6(b)(5) of the Act¹⁰ because it should facilitate transactions in securities in FLEX Equity Options consistent with investor protection and the public interest.

The Commission believes that the Exchange's proposal to reduce from 100 contracts to 25 contracts the minimum value size of closing transactions in and exercise of FLEX Equity Options, and to make a comparable reduction in the minimum value size of FLEX Equity Quotes in response to a Request for Quotes, reasonably addresses the Exchange's desire to meet the demands of sophisticated investors, portfolio

managers and other institutional investors who may want to use FLEX Equity Options, but find the minimum size requirements for closing transactions too restrictive for their investment needs and may therefore choose to use the over-the-counter market. As previously noted by the Commission, the benefits of the Exchange's FLEX options market include, but are not limited to, a centralized market center, an auction market with posted transparent market quotations and transaction reporting, parameters and procedures for clearance and settlement, and the guarantee of the Options Clearing Corporation for all contracts traded on the Exchange.¹¹

The Commission notes that market participants wanting to execute an opening transaction in a particular series of FLEX Equity Options will continue to be required to meet the 250 or 100 minimum contract requirement.¹² The Commission believes that this should help to ensure that transactions in FLEX Equity Options remain of substantial size and, therefore, the product is geared to an institutional, rather than a retail market. In originally approving FLEX Equity Options, the Commission stated that the minimum value sizes for opening transactions in FLEX Equity Options are designed to appeal to institutional investors and it is unlikely that most retail investors would be able to engage in options transactions at that size.¹³

The Commission further notes that, in approving the proposal, adequate surveillance guidelines should be in place to ensure that only sophisticated investors with the necessary financial resources to sustain the possible losses arising from transactions in the requisite FLEX Equity Options class size are utilizing this product. The Commission's staff has reviewed the PCX's surveillance program and believes it provides a reasonable framework in which to monitor such investor open interest.

The Commission requests, however, that the Exchange provide a report to the Commission's Division of Market Regulation describing the nature of investor participation (i.e., retail vs. institutional) in FLEX Equity Options for one year from the implementation date for the rule change.¹⁴ If the

¹¹ See Securities Exchange Act Release No. 36841 (February 14, 1996), 61 FR 6666 (February 21, 1996) ("Original FLEX Equity Option Approval Order").

¹² See *supra* note 4.

¹³ See Original FLEX Equity Option Approval Order, *supra* note 11.

¹⁴ The Commission notes that the PCX has previously committed to providing the Commission with a report on the usage of FLEX Equity Options

⁸ 15 U.S.C. 78f.

⁹ In approving this rule, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹⁰ 15 U.S.C. 78f(b)(5).

Exchange determines in the interim that the proposed rule change has resulted in a pattern of retail investor participation in FLEX Equity Options, it should notify the Commission's Division of Market Regulation to determine if the minimum closing transaction sizes should be restored to the original levels.

The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice thereof in the **Federal Register**. The Commission notes that the proposed rule change is identical to a proposal of the Chicago Board Options Exchange ("CBOE") that was recently approved by the Commission.¹⁵ Therefore, the Commission believes that the proposal raises no new regulatory issues. In addition, the Commission notes that public comments were solicited on the CBOE's proposal for the full statutory period and no comments were received. Finally, as the proposal conforms the rules of the Exchange's FLEX Equity options market to that of another exchange offering FLEX products, the Commission believes that the proposed rule will allow the PCX to compete more effectively in the FLEX options market. Based on the above, the Commission believes that granting accelerated approval of the proposed rule change is consistent with Sections 6 and 19(b)(2) of the Act.¹⁶

It Is Therefore Ordered, pursuant to Section 19(b)(2) of the Act,¹⁷ that the proposed rule change (SR-PCX-97-25) is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁸

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-22059 Filed 8-19-97; 8:45 am]

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SMALL BUSINESS ADMINISTRATION

Reporting and Recordkeeping Requirements Under OMB Review

ACTION: Notice of reporting requirements submitted for review.

SUMMARY: Under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35), agencies are required to submit proposed reporting and recordkeeping requirements to OMB for review and approval, and to publish a notice in the **Federal Register** notifying the public that the agency has made such a submission.

DATES: Comments should be submitted on or before September 18, 1997. If you intend to comment but cannot prepare comments promptly, please advise the OMB Reviewer and the Agency Clearance Officer before the deadline.

Copies: Request for clearance (OMB 83-1), supporting statement, and other documents submitted to OMB for review may be obtained from the Agency Clearance Officer. Submit comments to the Agency Clearance Officer and the OMB Reviewer.

FOR FURTHER INFORMATION CONTACT:

Agency Clearance Officer: Jacqueline White, Small Business Administration, 409 3rd Street, S.W., 5th Floor, Washington, D.C. 20416, Telephone: (202) 205-6629.

OMB Reviewer: Victoria Wassmer, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, D.C. 20503.

Title: Business Information Center Customer Satisfaction Survey.

Form No: 1916.

Frequency: On Occasion.

Description of Respondents: Small Business Clients.

Annual Responses: 22,500.

Annual Burden: 225

Dated: August 15, 1997.

Jacqueline White,

Chief, Administrative Information Branch.

[FR Doc. 97-22037 Filed 8-19-97; 8:45 am]

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SOCIAL SECURITY ADMINISTRATION

Privacy Act of 1974, as Amended; Computer Matching Programs (SSA/ States Wage, Unemployment Compensation (UC) Files—SSA Match Numbers 1140, 1142)

AGENCY: Social Security Administration (SSA).

ACTION: Notice of Computer Matching Programs.

SUMMARY: In accordance with the provisions of the Privacy Act, this notice announces a computer matching program that SSA plans to conduct with the States.

DATES: SSA will file a report of the subject matching program with the Committee on Governmental Affairs of the Senate, the Committee on Government Reform and Oversight of the House of Representatives and the Office of Information and Regulatory Affairs, Office of Management and Budget (OMB). The matching program will be effective as indicated below.

ADDRESSES: Interested parties may comment on this notice by either telefax to (410) 966-2935, or writing to the Associate Commissioner for Program Support, 4400 West High Rise Building, 6401 Security Boulevard, Baltimore, MD 21235. All comments received will be available for public inspection at this address.

FOR FURTHER INFORMATION CONTACT: The Associate Commissioner for Program Support as shown above.

SUPPLEMENTARY INFORMATION:

A. General

The Computer Matching and Privacy Protection Act of 1988 (Pub. L. 100-503), amended the Privacy Act (5 U.S.C. 552a) by establishing conditions under which computer matching involving the Federal Government could be performed and adding certain protections for individuals applying for and receiving Federal benefits. Section 7201 of the Omnibus Budget Reconciliation Act of 1990 (Pub. L. 101-508) further amended the Privacy Act regarding protections for such individuals. The Privacy Act, as amended, regulates the use of computer matching by Federal agencies when records in a system of records are matched with other Federal, State, or local government records. Among other things, it requires Federal agencies involved in computer matching programs to:

- (1) Negotiate written agreements with the other agency or agencies participating in the matching programs;
- (2) Obtain Data Integrity Board approval of the match agreements;
- (3) Furnish detailed reports about matching programs to Congress and OMB;

(4) Notify applicants and beneficiaries that their records are subject to matching; and

(5) Verify match findings before reducing, suspending, terminating, or denying an individual's benefits or payments.

after the first year of trading. See Original FLEX Equity Option Approval Order, *supra* note 11. Because that report is due to the Commission shortly and the changes adopted herein could potentially change the nature of investor participation, the Commission requests that the Exchange update its report one year from the implementation date of this rule change.

¹⁵ See Securities Exchange Act Release No. 38839 (July 15, 1997), 62 FR 39040 (July 21, 1997) (order approving File No. SR-CBOE-97-10).

¹⁶ 15 U.S.C. 78f and 78s(b)(2).

¹⁷ 15 U.S.C. 78s(b)(2).

¹⁸ 17 CFR 200.30-3(a)(12).