

provisions of the Act, and in particular with Section 6(b)(5).

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁴⁴ that the proposed rule change (SR-NYSE-96-27) be, and hereby is approved, as amended.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁴⁵

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39178; File No. SR-PHLX-97-39]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Regarding ITSFEA Supervisory Procedures

October 1, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on August 18, 1997, the Philadelphia Stock Exchange, Inc. ("PHLX" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "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

PHLX, pursuant to Rule 19b-4² of the Act, proposes to amend Exchange Rule 761, Supervisory Procedures Relating to the Insider Trading and Securities Fraud Enforcement Act of 1988 ("ITSFEA"), and Floor Procedure Advice F-13, in order to broaden the scope of their applicability. The text of the proposed rule change may be examined at the places specified in Item IV below.

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 self-regulatory organization 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 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

1. Purpose

On April 16, 1992, the Exchange received approval to implement Exchange Rule 761³ which imposed supervisory procedures on its floor units respecting ITSFEA. In 1993, the Exchange revised the rule in order to make minor changes for the sake of clarity.⁴ The rule currently requires PHLX floor units to have every employee sign an attestation that he or she has read the most current version of the Exchange's "Notice of Insider Trading" and will ensure that the employer firm directly receives a duplicate account statement for all accounts in which the employee maintains a beneficial interest. Further, the rule requires all floor units to make and keep current an "ITSFEA Account List" and review all accounts listed with a view towards identifying possible misuse of material non-public information.

Currently, the rule only applies to PHLX floor units. Now, however, the PHLX has become the designated examining authority ("DEA") for approximately eighteen firms over the past few years which do not have a floor presence. These firms are not now subject to the rule, and because no other self regulatory organization ("SRO") is their DEA, they are exempt from these requirements entirely. In order to rectify this situation, the Exchange is proposing to change the phrase "PHLX floor unit" to "PHLX member organization" in the rule. That way, the rule will apply to all PHLX member organizations, with the caveat that any member organization which is required to have ITSFEA supervisory procedures pursuant to rules of another SRO which is its DEA, will not also be subject to PHLX Rule 761. Thus, all PHLX member firms for which the Exchange is the DEA will be subject to this rule, regardless of whether they conduct business on the floor of the Exchange or not.

The second purpose of this rule change is to add commentary .01, which will provide that for the purpose of the rule, an employee will include "every person who is compensated directly or indirectly by the member organization for the solicitation or handling of business in securities, including trading securities for the account of the member organization, whether such securities are those dealt in on the Exchange or those dealt over-the-counter." Thus, independent contractors as well as actual "employees" will be subject to the requirements of the rule. This language is similar to the language in Exchange Rule 604(d).

Finally, Floor Procedure Advice F-13, which mirrors the language of Rule 761, with the addition of a fine schedule under the Exchange's minor rule plan, also will be revised in the same manner as Rule 761.

2. Statutory Basis

The proposed rule change is consistent with Section 6 of the Act in general,⁵ and particular, with Section 6(b)(5),⁶ in that it is designed to promote just and equitable principles of trade, prevent fraudulent and manipulative acts and practices, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, as well as to protect investors and the public interest by assuring that the requirements of the ITSFEA rule are equally applied to all broker dealers and all persons who conduct a securities business for such broker dealers whether they are considered employees or independent contractors.

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

The PHLX 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**

⁴⁴ 15 U.S.C. 78s(b)(2).

⁴⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 30597 (April 16, 1992), 57 FR 14855.

⁴ Securities Exchange Act Release No. 33008 (October 4, 1993), 58 FR 52518.

⁵ 15 U.S.C. 78f.

⁶ 15 U.S.C. 78f(b)(5).

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 PHLX 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, 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 Section, 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 PHLX. All submissions should refer to File No. SR-PHLX-97-39 and should be submitted by October 30, 1997.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,
Deputy Secretary.

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OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Request of the Government of Suriname to be Designated a Beneficiary of the Caribbean Basin Economic Recovery Act; Request for Public Comment

AGENCY: Office of the United States Trade Representative.

ACTION: Notice; request for public comment.

SUMMARY: Suriname has requested designation as a beneficiary country under the Caribbean Basin Economic Recovery Act. Interested parties are invited to submit comments relevant to the criteria to be examined in determining Suriname's eligibility for such designation.

DATES: Comments are due at USTR by October 30, 1997.

ADDRESSES: Comments should be addressed to: Susan Cronin, Director for Caribbean and Central American Affairs, Office of U.S. Trade Representative, 600 17th Street, N.W., Room 523, Washington, D.C. 20506.

FOR FURTHER INFORMATION CONTACT: Susan Cronin, Director for Caribbean and Central American Affairs, Office of United States Trade Representative, 600 17th Street, N.W., Room 523, Washington, D.C. 20506; (202) 395-5190.

SUPPLEMENTARY INFORMATION: The Caribbean Basin Economic Recovery Act (the "CBERA") (Title II, Pub. L. 98-67, as amended (19 U.S.C. 2701 et seq.)) authorizes the President to proclaim duty-free treatment for eligible articles from designated beneficiary countries in the Caribbean Basin. Suriname has requested designation as a beneficiary country under the CBERA.

Section 212(b) of the CBERA provides that the President shall not designate any country a CBERA beneficiary country—

(1) If such country is a Communist country;

(2) If such country

(A) Has nationalized, expropriated or otherwise seized ownership or control of property owned by a United States citizen or by a corporation, partnership, or association which is 50 per centum or more beneficially owned by United States citizens,

(B) Has taken steps to repudiate or nullify—

(i) Any existing contract or agreement with, or

(ii) Any patent, trademark, or other intellectual property of, a United States citizen or a corporation, partnership, or association which is 50 per centum or more beneficially owned by United States citizens, the effect of which is to nationalize, expropriate, or otherwise seize ownership or control of property so owned, or

(C) Has imposed or enforced taxes or other exactions, restrictive maintenance or operational conditions, or other measures with respect to property so owned, the effect of which is to nationalize, expropriate, or otherwise seize ownership or control of such

property, unless the President determines that—

(i) Prompt, adequate, and effective compensation has been or is being made to such citizen, corporation, partnership, or association.

(ii) Good-faith negotiations to provide prompt, adequate, and effective compensation under the applicable provisions of international law are in progress, or such country is otherwise taking steps to discharge its obligations under international law with respect to such citizen, corporation, partnership, or association, or

(iii) A dispute involving such citizen, corporation, partnership, or association, over compensation for such a seizure has been submitted to arbitration under the provisions of the Convention for the Settlement of Investment Disputes, or in another mutually agreed upon forum, and promptly furnishes a copy of such determination to the Senate and House of Representatives;

(3) If such country fails to act in good faith in recognizing as binding or in enforcing arbitral awards in favor of United States citizens or a corporation, partnership or association which is 50 per centum or more beneficially owned by United States citizens, which have been made by arbitrators appointed for each case or by permanent arbitral bodies to which the parties involved have submitted their dispute;

(4) If such country affords preferential treatment to the products of a developed country, other than the United States, which has, or is likely to have, a significant adverse effect on United States commerce, unless the President has received assurances satisfactory to him that such preferential treatment will be eliminated or that action will be taken to assure that there will be no such significant adverse effect, and he reports those assurances to the Congress;

(5) If a government-owned entity in such country engages in the broadcast of copyrighted material, including films or television material, belonging to United States copyright owners without their express consent;

(6) Unless such country is a signatory to a treaty, convention, protocol, or other agreement regarding the extradition of United States citizens; and

(7) If such country has not or is not taking steps to afford internationally recognized worker rights (as defined in section 502(a)(4) of the Trade Act of 1974) to workers in the country (including any designated zone in that country).

Paragraphs (1), (2), (3), (5), and (7) shall not prevent the designation of any

⁷ 17 CFR 200.30-3(a)(12).