

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

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) of the Act.<sup>7</sup> Specifically, the Commission believes the proposal is consistent with the Section 6(b)(5)<sup>8</sup> 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.<sup>9</sup>

The Commission believes that the PCX's proposal to allow market-makers to provide outside account information upon request by the Exchange rather than providing such information on a routine basis is a reasonable revision to the Exchange's market-maker account reporting procedures. This conclusion is based on the Exchange's representation that outside account information provides little benefit to the Exchange's surveillance programs unless special circumstances exist. The Commission believes that the ability of the Exchange to request outside account information upon request should help preserve the Exchange's ability to conduct adequate surveillance.

The Commission believes that PCX's proposal to make a Market Maker's clearing firm the primary responsible source for reporting market-maker executed order information to the Exchange is a reasonable means of streamlining the order reporting process. Accordingly, the proposed change should result in more effective and efficient reporting of market-maker accounts and executed order information to the Exchange, thus promoting just and equitable principles of trade, perfecting the mechanism of a free and open national market system, and furthering investor protection and the public interest.

The Commission believes it is appropriate to limit the required submitted order information to "executed" orders only, based on PCX's representation that only minimal surveillance benefits are gained by gathering unexecuted order information on a routine basis. Where the clearing

firm is not reporting the information to the Exchange and if the Exchange requests that the market-maker provide the information, the market-maker will be responsible for reporting executed order information. Moreover, while the clearing firm is the primary source for the reporting of market-maker executed order information, the firms representing and executing market-maker orders will continue to be responsible for maintaining and retaining executed and unexecuted order information pursuant to Rules 17a-3<sup>10</sup> and 17a-4<sup>11</sup> of the Act and Exchange Rule 6.68. These provisions offer further assurance that executed order information will be reported and records of executed and unexecuted orders will be maintained.

The Commission believes that the PCX's proposal to eliminate the existing description of specific order information required to be reported pursuant to Rule 6.39(b)<sup>12</sup> will provide the Exchange with greater flexibility in adding reporting requirements as needed. The Commission notes that the Exchange has agreed to issue a regulatory circular to its members reflecting that all of the specific order information currently contained in Rule 6.39(b) will continue to be required to be reported pursuant to the Rule.<sup>13</sup> If the PCX in the future seeks to eliminate the required reporting of any of the specific information, such a change would require the submission of a rule filing pursuant to Section 19(b) of the Act.<sup>14</sup>

The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register**. The proposal, as amended, is virtually identical to a proposal by the Chicago Board Options Exchange approved by the Commission on February 13, 1997, following a full notice period during which no comments were received.<sup>15</sup>

### 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 at the Commission's Public Reference Room. 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-PCX-97-37 and should be submitted by January 6, 1998.

### V. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>16</sup> that the proposed rule change (SR-PCX-97-37) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>17</sup>

**Jonathan G. Katz,**  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39409; File No. SR-PTC-97-04]

### Self-Regulatory Organizations; Participating Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Conform PTC's Rules to the Revised Articles 8 and 9 of the Uniform Commercial Code of the State of New York

December 5, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on October 10, 1997, the Participants Trust Company ("PTC") 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 primarily by PTC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

<sup>16</sup> 15 U.S.C. § 78s(b)(2).

<sup>17</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>7</sup> 15 U.S.C. § 78f(b).

<sup>8</sup> 15 U.S.C. § 78f(b)(5).

<sup>9</sup> In approving this rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. § 78c(f).

<sup>10</sup> 17 CFR 240.17a-3.

<sup>11</sup> 17 CFR 240.17a-4.

<sup>12</sup> See *supra* note 5.

<sup>13</sup> See Amendment No. 2, *supra* note 4.

<sup>14</sup> *Id.*

<sup>15</sup> See Securities Exchange Act Release No. 38286 (Feb. 13, 1997), 62 FR 8287 (Feb. 24, 1997) (order approving File No. SR-CBOE-96-70).

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

The proposed rule change amends PTC's rules to make them consistent with the revisions to Articles 8 and 9 of the Uniform Commercial Code ("UCC") of the State of New York.

### **II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

In its filing with the Commission, PTC 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. PTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statement.<sup>2</sup>

#### *(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 amend PTC's rules to make them consistent with the amendments to Article 8 and Article 9 of the UCC (collectively "Article 8") that are effective in the State of New York on October 10, 1997. According to PTC, the proposed amendments retain the meaning of PTC's existing rules under the new Article 8 format and terminology by deleting certain cross-references to the former Article 8 and replacing obsolete terminology.

PTC believes the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act<sup>3</sup> and the rules and regulations thereunder because it calls for the prompt and accurate clearance and settlement of securities transactions and protects investors and the public interest, by conforming PTC's rules to changes in the New York State law in order to retain the meaning of PTC's existing rules.

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

PTC does not believe that the proposed rule change imposes any burden on competition.

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

Participants have requested that PTC make the proposed rule change. PTC has not solicited nor received any written comments on the proposed rule change.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(i) of the Act<sup>4</sup> and pursuant to Rule 19b-4(e)(1)<sup>5</sup> promulgated thereunder because the proposal constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of existing PTC rules. At any time within sixty days of the filing of such rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

### **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 also will be available for inspection and copying at the principal office of PTC. All submissions should refer to File No. SR-PTC-97-04 and should be submitted by January 6, 1998.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>6</sup>

**Margaret H. McFarland,**  
Deputy Secretary.

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### **SMALL BUSINESS ADMINISTRATION**

[Declaration of Disaster #2993]

#### **State of Mississippi (and Contiguous Parishes in Louisiana)**

Pearl River County and the contiguous Counties of Forrest, Hancock, Harrison, Lamar, Marion, and Stone in the State of Mississippi, and St. Tammany and Washington Parishes in the State of Louisiana constitute a disaster area as a result of damages caused by a tornado which occurred on November 21, 1997. Applications for loans for physical damage as a result of this disaster may be filed until the close of business on January 30, 1998 and for economic injury until the close of business on September 1, 1998 at the address listed below or other locally announced locations: U.S. Small Business Administration, Disaster Area 2 Office, One Baltimore Place, Suite 300, Atlanta, GA 30308.

The interest rates are:

#### **For Physical Damage**

Homeowners with credit available elsewhere—7.625%

Homeowners without credit available elsewhere—3.812%

Businesses with credit available elsewhere—8.000%

Businesses and non-profit organizations without credit available elsewhere—4.000%

Others (including non-profit organizations) with credit available elsewhere—7.125%

#### **For Economic Injury**

Businesses and small agricultural cooperatives without credit available elsewhere—4.000%

The numbers assigned to this disaster for physical damage are 299312 for Mississippi and 299412 for Louisiana. For economic injury the numbers are 967300 for Mississippi and 967400 for Louisiana.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008.)

Dated: December 1, 1997.

**Ginger Lew**

Acting Administrator.

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<sup>2</sup> The Commission has modified the text of the summaries prepared by PTC.

<sup>3</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>4</sup> 15 U.S.C. 78s(b)(3)(A)(i).

<sup>5</sup> 17 CFR 240.19b-4(e)(1).

<sup>6</sup> 17 CFR 200.30-3(a)(12).