

and (C) below, of the most significant aspects of such statements.²

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

OCC's current by-laws relating to the unavailability or inaccuracy of current index values for stock index options and for flexibly structured index options denominated in foreign currencies ("FX flex index options") were instituted as a result of a 1994 incident when a delayed National Association of Securities Dealers Automated Quote System opening made it unclear when or if OCC would be able to obtain current index values for options valued at the opening.³ OCC is now authorized to delay exercise settlements until either (i) the required current index value becomes available or (ii) OCC fixes an exercise settlement amount, which may be based on the closing index value for the preceding trading day.

These provisions were intended to apply where the required index value, whether opening or closing, was unavailable to OCC either because the market did not open on the relevant date or because the reporting authority had problems calculating or disseminating the required value. However, these provisions can be misinterpreted as authorizing OCC to fix an exercise settlement amount for index options valued at the close when the market closes early. OCC interprets the current language of the by-laws as referring to the actual close of trading, not the scheduled close. There is no reliable basis for estimating what the current index value would have been if the market had remained open until the normal closing time. Even when OCC has no alternative but to fix an exercise settlement amount, the by-laws expressly authorize it to base that amount on the reported index level at the close of trading on the last preceding trading day for which a closing index level was reported.

OCC believes that it is inappropriate for OCC to fix an exercise settlement amount if normal trading takes place with opening and closing current index values for a given day so long as it is possible to obtain the required value from the designated reporting authority. The proposed rule change eliminates any implications that the provisions give OCC the authority to fix an exercise

settlement amount in such circumstances.

OCC believes that the proposed rule change is consistent with Section 17A of the Act and the rules and regulations promulgated thereunder because it will facilitate the prompt and accurate settlement of transactions in index options and in FX flex index options.⁴

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

OCC does not believe that 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 relating to the proposed rule change have not been solicited or received.

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

Section 17A(b)(3)(F)⁵ requires that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions. The Commission believes that OCC's proposed rule change is consistent with OCC's obligations under Section 17A(b)(3)(F) because the proposal will clarify the application of OCC's by-laws relating to the unavailability or inaccuracy of current index values where there is an early closing of the primary market for the securities underlying an index option valued at the close. The Commission believes that this clarification should add more certainty to the settlement of index options. Therefore, this proposed rule change should facilitate the prompt and accurate clearance and settlement of securities transactions.

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 because accelerated approval will allow OCC to clarify its by-laws relating to exercise settlement procedures in an expedient fashion.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. 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 No. SR-OCC-98-02 and should be submitted by August 24, 1998.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-OCC-98-02) be and hereby is approved on an accelerated basis.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁶

Jonathan G. Katz,
Secretary.

[FR Doc. 98-19570 Filed 7-22-98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40222; File No. SR-Phlx-98-19]

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Order Approving Proposed Rule Change Relating to When a Security is Considered Open For Trading

July 16, 1998.

I. Introduction

On May 1, 1998, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with 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 clarify when a security is considered open for trading. On May 26, 1998, the Phlx filed Amendment No. 1 to the

² The Commission has modified parts of these statements.

³ Securities Exchange Act Release No. 37315 (June 17, 1996), 61 FR 32471 (ordering approving proposed rule change.)

⁴ 15 U.S.C. 78q-1.

⁵ 15 U.S.C. 78q-1(b)(3)(F).

⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

proposal.³ The proposed rule change and Amendment No. 1 were published for comment in the **Federal Register** on June 18, 1998.⁴ No comments were received regarding the proposal.

II. Description of the Proposal

The Phlx proposes to amend Phlx Rules 1047 (Trading Rotations, Halts and Suspensions),⁵ 1047A (Trading Rotations, Halts or Reopenings),⁶ and Options Floor Procedure Advice G-2 ("Advice G-2") (Trading Rotations, Halts or Reopenings) to clarify when a security is open for trading. Currently, Commentary .01(a) of Rule 1047 states the opening rotation in each class of options shall be held promptly following the opening of the underlying security on the principal market where it is traded. However, neither Commentary .01 of Phlx Rule 1047, Phlx Rule 1047A, or Advice G-2 specifies when a security is considered open for trading. To clarify its rules, the Phlx proposes to amend Phlx Rule 1047, Commentary .01(a), Phlx Rule 1047A,⁷ and Advice G-2 to indicate that an underlying security shall be deemed to have opened on the primary market where it is traded if such market has either (1) reported a transaction in the underlying security, or (2) disseminated an opening quotation for the underlying security and given no indication of a delayed opening. Thus, the proposal is intended to correct an ambiguity and expressly provide in Exchange rules that an opening quote may signal the opening of a security.

III. Discussion

After careful review, 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. The Commission believes that the proposed rule change is consistent with Section 6 of the Act,

in general,⁸ and Section 6(b)(5),⁹ in particular, in that it is designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts and practices, to foster cooperation and coordination with persons engaged in regulating and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. The Commission believes that the proposed rule change is consistent with the Act in that it conforms the Phlx's rules to the rules of the other options exchanges,¹⁰ thereby contributing to a fair and orderly market. Specifically, the Phlx's proposal will permit options opening rotations to commence upon the earlier of either a reported transaction in the underlying security or a reported market quote for the security, provided that the primary market has not indicated a delayed opening. Accordingly, the proposal will allow the Phlx to commence opening rotations after the primary market disseminates opening quotations for the underlying security, rather than waiting for an opening transaction in the underlying security.

The Commission believes that the proposed rule change should help to alleviate the risk of pricing disparities among the options exchanges and should allow the Phlx to compete effectively with the other options exchanges for order flow. In addition, by allowing the Phlx to commence opening rotations after the opening of the underlying security on the primary market where it is traded, the Commission believes that the proposal should decrease the time required to obtain opening market quotations and should allow free trading to commence as quickly as possible after the opening. As the Commission has noted previously, expedited free trading allows market makers to engage in hedging strategies as soon as possible after the opening and should promote the prompt execution of customer orders.¹¹

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹² that the proposed rule change (SR-Phlx-98-19) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹³

Jonathan G. Katz,

Secretary.

[FR Doc. 98-19569 Filed 7-22-98; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Office of the Secretary

Reports, Forms and Recordkeeping Requirements; Agency Information Collection Activity Under OMB Review

AGENCY: Office of the Secretary, DOT.

ACTION: Notice.

SUMMARY: In compliance with the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*), this notice announces that the Information Collection Requests (ICRs) abstracted below have been forwarded to the Office of Management and Budget (OMB) for review and comment. The ICRs describes the nature of the information collection and their expected burden. The **Federal Register** Notice with a 60-day comment period soliciting comments on (1) Title: 49 CFR Part 580, Odometer Disclosure Statement, OMB No.: 2127-0047, was published on April 28, 1998 (63 FR 23336) and (2). Title: Upper Interior Component Head Impact Protection Phase-in Reporting Requirements, OMB Control Number: 2127-0581 was published on April 6, 1998 (63 FR 16856).

DATES: Comments must be submitted on or before August 24, 1998.

FOR FURTHER INFORMATION CONTACT: Michael Robinson, NHTSA Information Collection Clearance Officer at (202) 366-9456.

SUPPLEMENTARY INFORMATION:

National Highway Traffic Safety Administration

(1) Title: 49 CFR Part 580, Odometer Disclosure Statement.

OMB No.: 2127-0047.

Type of Request: Extension of a currently approved collection.

Affected Public: Individuals, Households, Business, other for-profit,

Rule 6.1 relating to the posting of pre-opening market quote indications in designated options classes).

¹² 15 U.S.C. 78s(b)(2).

¹³ 17 CFR 200.30-3(a)(12).

³ See Letter from Linda S. Christie, Counsel, Phlx, to Yvonne Fraticelli, Attorney, Division of Market Regulation ("Division"), Commission (May 22, 1998) ("Amendment No. 1"). In Amendment No. 1, Phlx replaces the phrase "principal exchange" in Rule 1047 with the phrase "primary market" to provide consistency with the language in the proposed amendments to Phlx Rule 1047A and Options Floor Procedure Advice G-2.

⁴ Corresponding with Amendment No. 1, the word "exchange" should be replaced by the word "market" in the amended portion of Phlx Rule 1047. Telephone conversation between Linda S. Christie, Counsel, Phlx, and Marc McKayle, Attorney, Division, Commission (May 26, 1998).

⁵ See Securities Exchange Act Release No. 40082 (June 10, 1998), 63 FR 33430 (June 18, 1998).

⁶ Phlx Rule 1047 applies to equity options and to foreign currency options.

⁷ Phlx Rule 1047A applies to index options.

⁸ See Amendment No. 1, *supra* note 3.

⁸ 15 U.S.C. 78f.

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ See American Stock Exchange Rule 918(a)(1); Chicago Board Options Exchange Rule 6.2, Interpretation and Policy .01; and Pacific Exchange Rule 6.64, Commentary .01.

¹¹ See Securities Exchange Act Release Nos. 33494 (January 19, 1994), 59 FR 3889 (January 27, 1994) (order approving proposed rule change SR-CBOE-93-41 amending CBOE Rule 6.62, Interpretation and Policy .01 relating to opening transactions in Exchange-traded options); and 29652 (September 4, 1991), 56 FR 46454 (September 12, 1991) (order approving proposed rule change SR-CBOE-91-29 adding interpretation to CBOE