

period so that the proposed rule change may take effect immediately upon its filing. The immediate effectiveness would: (i) make the fee reduction regarding the distribution of each set of initial proxies and annual reports available for the remainder of the 1998 proxy season; (ii) provide the Commission with sufficient time to complete its review of the March Filing, and analyze the Audit Report concerning the pilot fee structure that will be prepared by the Exchange's independent auditor; and (iii) allow the current pilot fee structure to continue uninterrupted.

The Commission, consistent with the protection of investors and the public interest, has determined to make the proposed rule change effective immediately upon filing for the following reasons. The proposed rule change would make the fee reduction regarding the distribution of each set of initial proxies and annual reports available for the remainder of the 1998 proxy season. This fee reduction should continue to benefit NYSE issuers and public investors in the form of lower costs and expenses. As the Commission noted in the March Filing, the fee reduction is based upon the Exchange's experience with the reimbursement guidelines and better reflects the actual costs incurred by NYSE member organizations.

The proposed rule change also extends the expiration date of the pilot period from July 31, 1998, through October 31, 1998. The extension of the pilot will provide the Commission with additional time to complete its review of the March Filing¹² and the opportunity to further evaluate the proposal. Furthermore, the current pilot period is due to expire before the estimated date on which the Exchange hopes to deliver to the Commission the Audit Report examining the proxy distribution process with respect to securities held in street name.

The Commission also notes that the current pilot period's expiration date falls within the time period when proxy materials traditionally are distributed to shareholders. As a result, NYSE member organizations would potentially be reimbursed at two different rates—the rates established by the Initial Filing, and the rates in effect prior to the implementation of the Initial Filing (the default rates)—if the expiration date were not extended. The Commission

believes it is reasonable that the proposed rule change become immediately effective upon the date of filing, July 29, 1998.

At any time within 60 days of the filing of the proposed 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, 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 the Exchange. All submissions should refer to File No. SR-NYSE-98-23 and should be submitted by August 31, 1998.

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

Jonathan G. Katz,
Secretary.

[FR Doc. 98-21277 Filed 8-7-98; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40295; File No. SR-OCC-98-05]

Self-Regulatory Organizations; The Options Clearing Corporations; Notice of Filing of a Proposed Rule Change Authorizing the Designation of Sunday as a Business Day and Clarifying the Rules for Margining Exercised and Assigned Positions in Currency Options

July 31, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on June 5, 1998. The Options Clearing Corporation ("OCC") 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 OCC. The Commission is publishing this notice to solicit comments from interested persons on the proposed rule change.

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

The proposed rule change (1) will provide OCC with the flexibility to designate Sunday as a business day for the purposes of calculating the exercise settlement date for foreign currency options and for cross-rate foreign currency options (collectively "currency options") and (2) will clarify the rules governing the calculation of margin of exercised and assigned currency 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, OCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comment it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

¹² The Commission received approximately 42 comment letters on the March Filing. As part of its review of the March Filing, the Commission will consider the substance of those comment letters.

¹³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² The Commission has modified the text of the summaries prepared by OCC.

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

The principal purpose of the proposed rule change is to provide OCC with the flexibility to designate Sunday as a business day for the purpose of determining the exercise settlement date for foreign currency and cross-rate foreign currency options. The secondary purpose of the proposed rule change is to clarify the rule governing the calculation of margin with respect to positions in cross-rate foreign currency options following their exercise and assignment.

Sunday as a Business Day

In 1986, OCC amended its Rules to provide that the Sunday following an expiration would be deemed to be a business day for the purposes of determining the exercise settlement date for expiring foreign currency options.³ According to OCC, the reason for this change was to permit expiring foreign currency options to settle on the same day as the foreign currency futures contracts traded on the International Monetary Market ("IMM") and to a lesser degree on the Philadelphia Board of Trade ("PBOT"). IMM futures contracts expire on a quarterly basis, and the coordination of exercise settlement dates among OCC-cleared options, IMM-traded futures contracts, and PBOT-traded futures contracts created hedging opportunities and settlement efficiencies for OCC's membership.

While the use of Sunday as a business day aligned the exercise settlement dates for the above-described contracts, OCC believes that it also resulted in certain operational issues. For example, non-expiring foreign currency options that were exercised on the same date as expiring foreign currency options were settled on a different exercise settlement date than the expiring options. According to OCC, the operational issues were nonetheless manageable at the time the change was made. However, the addition of end-of-the-month options, serial month (i.e., non-quarterly), and flexibly structured options on currencies have made the management of these operational issues increasingly difficult for OCC and the membership alike.

OCC believes that it is not always necessary to use Sunday as a business day for determining the settlement date for currency options. The opportunity to

hedge with the IMM of PBOT futures realistically only occurs four times a year. For twenty other expirations, the benefits derived from using Sunday as a business day are not fully achieved. Yet, OCC and the membership still bear the costs for staffing those Sundays in order to complete DVP processing so that exercised currency options settle on the correct date. Accordingly, OCC is proposing to resolve these operational issues by amending its Rules to allow OCC to designate when Sunday will be a business day for purposes of calculating exercise settlement dates.

In addition, OCC desires to coordinate the date on which exercise settlement occurs for expiring options exercised on Friday and non-expiring options also exercised on Friday. As such, OCC proposes to amend its Rules to provide that if Sunday is used as a business day for determining the exercise settlement date of exercised expiring options, it will also be used as a business day for exercised non-expiring options.

OCC believes that several advantages would be achieved from implementing the foregoing changes. Staffing costs would be reduced for OCC and the membership as DVPs would only need to be processed on Sunday four times a year as opposed to twenty-four times a year as is now the case. When Sunday is not designated as a business day, DVP processing would occur on Monday. Coordination of settlement dates for options (expiring and non-expiring) exercised on the same date will increase settlement efficiencies, reduce the complexity of the settlement cycle, and limit confusion regarding when exercise settlement is to occur. The membership, through their representatives on the Roundtable, have concurred with the foregoing proposals. Under the proposed rule, OCC would notify the membership in advance of when Sunday would be used as a business day for determining an exercise settlement date.

Changes are being made to Rules 602, 1602, 1604, 1605, 1606, 1606, 2102, 2104, 2105 and 2106 (either in the text or in the Interpretations and Policies thereto) to conform them to the proposed changes for the reasons stated above.⁴

Margin Change

Two amendments are being proposed to Rule 602(f) which concerns the calculation of margin on currency option contracts following their exercise

and assignment. The first change is to clarify Rule 602(f)(2)(i) to state that margin calculations are performed separately on positions in foreign currency options and cross-rate foreign currency options and that a clearing member's positions in cross-rate currency options which generate a net margin credit can be used to offset the clearing member's margin requirement arising from other positions. According to OCC, the credit generated from cross-rate foreign currency options is not necessary to protect OCC against the risk of DVP bank default as exercises of cross-rate foreign currency options do not settle via OCC's DVP System. Accordingly, OCC believes that permitting a clearing member's net margin credit from exercised cross-rate currency options to offset any other margin requirement is consistent with its net margining philosophy and does not create any undue risk to OCC. The second purpose is to conform Rule 602 to the changes relating to the designation of Sunday as a business day.

OCC believes the proposed rule change is consistent with Section 17A of the Act because it facilitates coordination of settlement across markets and promotes settlement efficiencies without adversely affecting the securities or funds for which OCC is responsible.

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

OCC does not believe that the proposed rule change would 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 were not and are not intended to be solicited with respect to the proposed rule change, and none have been received.

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

Within thirty-five 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 ninety 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 OCC 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.

³ Securities Exchange Act Release No. 23781 (November 17, 1986) 51 FR 41556 [File No. SR-OCC-86-20]

⁴ The complete text of the proposed changes to the Rules is included in OCC's filing, which is available for inspection and copying at the Commission's public reference room and through OCC.

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 also will be available for inspection and copying at the principal office of OCC. All submissions should refer to File No. SR-OCC-98-05 and should be submitted by August 31, 1998.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁵

Jonathan G. Katz,
Secretary.

[FR Doc. 98-21305 Filed 8-7-98; 8:45 am]

BILLING CODE 8010-01-M

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Notice of Meeting of the Advisory Committee for Trade Policy and Negotiations

AGENCY: Office of the United States Trade Representative.

ACTION: Notice that the September 24, 1998, meeting of the Advisory Committee for Trade Policy and Negotiations will be held from 10:00 a.m. to 2:00 p.m. The meeting will be closed to the public from 10:00 a.m. to 1:30 p.m. and open to the public from 1:30 p.m. to 2:00 p.m.

SUMMARY: The Advisory Committee for Trade Policy and Negotiation will hold a meeting on September 24, 1998 from 10:00 a.m. to 2:00 p.m. The meeting will be closed to the public from 10:00 a.m. to 1:30 p.m. The meeting will include a review and discussion of current issues

which influence U.S. trade policy. Pursuant to Section 2155(f)(2) of Title 19 of the United States Code, I have determined that this meeting will be concerned with matters the disclosure of which would seriously compromise the development by the United States Government of trade policy, priorities, negotiating objectives or bargaining positions with respect to the operation of any trade agreement and other matters arising in connection with the development, implementation and administration of the trade policy of the United States. The meeting will be open to the public and press from 1:30 p.m. to 2:00 p.m. when trade policy issues will be discussed. Attendance during this part of the meeting is for observation only. Individuals who are not members of the committee will not be invited to comment.

DATES: The meeting is scheduled for September 24, 1998, unless otherwise notified.

ADDRESSES: The meeting will be held at the Office of the U.S. Trade Representative in Conference Room 2, located at 1724 F Street, Washington, DC, unless otherwise notified.

FOR FURTHER INFORMATION CONTACT: Bill Daley, Office of the United States Trade Representative, (202) 395-6120.
Charlene Barshefsky,
United States Trade Representative.

[FR Doc. 98-21307 Filed 8-7-98; 8:45 am]

BILLING CODE 3190-01-M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

Aircraft Flight Recorder and Cockpit Voice Recorder

AGENCY: Federal Aviation Administration.

ACTION: Cancellation of Technical Standard Order (TSO) C123 and C124.

SUMMARY: This is a confirmation notice of cancellation of TSO-C123, Cockpit Voice Recorder System, and TSO-C124, Flight Data Recorder Systems. TSO-C123, prescribed the minimum performance standards for cockpit voice recorders that were required to be identified with marking "TSO-C123." TSO-C124 prescribed the minimum performance standards for flight data recorder systems that were required to be identified with marking "TSO-C124." This cancellation will ensure that future cockpit voice recorder systems and flight data recorder designs are produced under TSO-C123a, Cockpit Voice Recorder System, and

TSO-C124a, Flight Data Recorder Systems, respectively.

EFFECTIVE DATE: August 2, 1998.

FOR FURTHER INFORMATION CONTACT: Mrs. Michelle Swearingen, Avionics Systems Branch, AIR-130, Aircraft Engineering Division, Aircraft Certification Service, Federal Aviation Administration, 800 Independence Avenue, SW., Washington, DC 20591, FAX No. (202) 267-5340.

SUPPLEMENTARY INFORMATION:

Background

On September 26, 1996, the Federal Aviation Administration (FAA) published in the **Federal Register** a Notice, Volume 61, Page 50531, that canceled TSO-C123, Cockpit Voice Recorder Systems, and TSO-C124, Flight Data Recorder Systems and requested comments on the cancellations. TSO-C123 prescribed the minimum performance standards for cockpit voice recorders that were required to be identified with marking "TSO-C123." TSO-C124 prescribed the minimum performance standards for flight data recorder systems that were required to be identified with marking "TSO-C124." The cancellation will ensure that future cockpit voice recorder systems and flight data recorder designs are produced under TSO-C123a, Cockpit Voice Recorder System, dated 08/2/96, and TSO-C124a, Flight Data Recorder Systems, dated 08/1/96, respectively.

The National Transportation Safety Board reported that seven flight recorder media destroyed by postimpact fire in six accidents prompted concern about the adequacy of the performance standards for flight recorders. Minimum performance standards for impact and fire protection are outlined in four Technical Standard Orders (TSOs): TSO-C84 and TSO-C123 addressed CVRs, and TSO-C51a and TSO-C124 addressed FDRs. TSO-C84 and TSO-C51a were canceled May 18, 1996.

The FAA Technical Center released a report on its study of flight recorder fire test requirements. The study determined that the high intensity, 30-minute fire test specified in the European Organisation for Civil Aviation Equipment (EUROCAE), ED-56A, "Minimum Operational Requirements for Cockpit Voice Recorder System," and European Organisation for Civil Aviation Electronics (EUROCAE), ED-55, "Minimum Operational Specification for Flight Data Recorder Systems," (and TSO-C124) is not as severe as a 30-minute jet fuel pool fire that the test is intended to replicate. The Technical Center found that doubling

⁵ 17 CFR 200.30-3(a)(12).