

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40318; File No. SR-Phlx-98-32]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to an Extension of the Permissible Maturity for FLEX Equity Options

August 11, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on July 24, 1998, the Philadelphia Stock Exchange ("Phlx" or "Exchange") 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 by the self-regulatory organization. The Exchange has designated the proposed rule change as constituting a "non-controversial" rule change under paragraph (e)(6) of Rule 19b-4 under the Act² which renders the proposal effective upon receipt of this filing by the Commission.³ 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

The Exchange proposes to amend Exchange Rule 1079(a)(6)(B), FLEX Index and Equity Options, to permit flexible ("FLEX") equity options⁴ to have a term of up to five years when requested by a Requesting Member, if the Regulatory Services Post personnel determines that sufficient liquidity exists among FLEX equity participants.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4(e)(6).

³ The Exchange has represented that the proposed rule change: (i) will not significantly affect the protection of investors or the public interest; (ii) will not impose any significant burden on competition; and (iii) will not become operative for 30 days after the date of this filing, unless otherwise accelerated by the Commission. The Exchange also has provided at least five business days notice to the Commission of its intent to file this proposed rule change, as required by Rule 19b-4(e)(6) under the Act. *Id.*

⁴ FLEX equity options are flexible exchange-traded contracts which overlie equity securities. In addition, FLEX equity options provide investors with the ability to customize basic option features including size, expiration date, exercise style, and certain exercise prices.

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

The Exchange is proposing to allow FLEX equity options traded on the Exchange to have a maturity beyond three years and up to five years in certain circumstances. Currently, FLEX equity options, by operation of Rule 1079(a)(6)(B), are limited to a maturity of three years.

When the Exchange filed to list and trade FLEX equity options⁵ it determined to limit the maturity of these options to three years because, unlike FLEX Index options which could have a maturity of up to five years, there was concern that there would not be sufficient liquidity in many equity options to support series with a longer term to expiration. Since it has traded FLEX equity options, however, the Exchange has had numerous requests to extend the maturity of FLEX equity options to five years. Among the reasons in seeking an extension in the allowable maturity is that these longer expiration FLEX equity options might be used to hedge the longer term issuances of structured products linked to the returns of an individual stock. Thus, the proposed rule change would permit the longer term FLEX equity options to be listed when requested by the Requesting Member if the Regulatory Services Post personnel determined that sufficient liquidity existed among FLEX equity participants.⁶ By allowing for the

⁵ See Exchange Act Release No. 39549 (January 14, 1998), 63 FR 3601 (January 23, 1998) (SR-Phlx-96-38).

⁶ The Exchange has represented that Regulatory Services Post personnel refer to the two Regulatory Services employees who work at the Surveillance Post on the options floor. The Exchange has also provided that, if the Regulatory Services Post personnel are unavailable, the Exchange may designate other qualified Exchange employees as substitutes. These "other qualified Exchange employees" include persons from the Market

extension of the maturity of FLEX equity options to five years in situations where there is demand for a longer term expiration and where there is sufficient liquidity to support the request, the proposed rule change will better serve the needs of Phlx's customers and the Exchange members who make a market for such options.⁷

2. Statutory Basis

The Exchange represents that the proposed rule change is consistent with Section 6(b)⁸ of the Act in general and further the objectives of Section 6(b)(5)⁹ in particular in that it is designed to promote just and equitable principles of trade by providing longer expiration FLEX equity options that may be used by investors to hedge the longer term issuance of structured products linked to returns of an individual stock.¹⁰

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

The Exchange 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

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

This proposed rule filing has been filed by the Exchange as a "non-controversial" rule change pursuant to Section 19(b)(3)(A)(i) of the Act¹¹ and subparagraph (e)(6) of Rule 19b-4

Surveillance group, such as the Vice President of Market Surveillance or his or her designee, or persons from the Regulatory Services group, such as the Vice President of Regulatory Services or his or her designee. The Exchange has also represented that it will seek approval from the Commission prior to any deviation from the above method of selecting Regulatory Services Post personnel. Telephone Call between Linda Christie, Phlx, and Christine Richardson, Commission, August 10, 1998.

⁷ The Commission has previously approved substantially similar proposals by the American Stock Exchange ("Amex") and Chicago Board Options Exchange ("CBOE"). See Exchange Act Release Nos. 39706 (March 2, 1998), 63 FR 11469 (March 9, 1998) (SR-Amex-98-07); and 39524 (January 8, 1998), 63 FR 3009 (January 20, 1998) (SR-CBOE-97-57).

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ In approving this rule, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹¹ 15 U.S.C. 78s(b)(3)(A)(i).

thereunder.¹² Consequently, because the foregoing proposed rule change: (1) does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) does not become operative until August 24, 1998, more than 30 days from July 24, 1998, the date on which it was filed, and the Exchange provided the Commission with written notice of its intent to file the proposed rule change at least five days prior to the filing date, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(e)(6) thereunder.

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 submission 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 also will be available for inspection and copying at the principal office of the Phlx. All submissions should refer to File No. SR-Phlx-98-32 and should be submitted by September 8, 1998.

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

Margaret H. McFarland,

Deputy Secretary.

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SOCIAL SECURITY ADMINISTRATION

Information Collection Activities: Proposed Collection Requests and Comment Requests

This notice lists information collection packages that will require submission to the Office of Management and Budget (OMB), as well as information collection packages submitted to OMB for clearance, in compliance with Public Law 104-13 effective October 1, 1995, The Paperwork Reduction Act of 1995.

I. The information collection(s) listed below require(s) extension(s) of the current OMB approval(s) or are proposed new collection(s):

1. Work Activity Report (Self-Employed) 0960-NEW. The information collected on form SSA-820 is used by the Social Security Administration to help determine if an individual meets the disability provisions for entitlement to benefits. The respondents are claimants for initial or continuing entitlement to disability benefits who are or were engaging in substantial gainful activity.

Number of Respondents: 100,000.

Frequency of Response: 1.

Average Burden Per Response: 30 minutes.

Estimated Annual Burden: 50,000 hours.

Written comments and recommendations regarding the information collection(s) should be sent within 60 days from the date of this publication, directly to the SSA Reports Clearance Officer at the following address: Social Security Administration, DCFAM, Attn: Frederick W. Brickenkamp, 6401 Security Blvd., 1-A-21 Operations Bldg., Baltimore, MD 21235.

In addition to your comments on the accuracy of the agency's burden estimate, we are soliciting comments on the need for the information; its practical utility; ways to enhance its quality, utility and clarity; and on ways to minimize burden on respondents, including the use of automated collection techniques or other forms of information technology.

II. The information collection(s) listed below have been submitted to OMB:

1. Notice Regarding Substitution of Party Upon Death of Claimant—Reconsideration of Disability Cessation—0960-0351. The Social Security Administration uses the form SSA-770 to obtain information from substitute parties regarding their intention to pursue the appeals process for an individual who has died. The respondents are such parties.

Number of Respondents: 1,200.

Frequency of Response: 1.

Average Burden Per Response: 10 minutes.

Estimated Annual Burden: 200 hours.

2. Report of Student Beneficiary About to Attain Age 19—0960-0274. The Social Security Administration uses the information collected on form SSA-1390 to determine whether a student beneficiary is entitled to benefits for the month of attainment of age 19 and subsequent months. The respondents are students about to attain age 19.

Number of Respondents: 50,000.

Frequency of Response: 1.

Average Burden Per Response: 3 minutes.

Estimated Annual Burden: 2,500.

3. Supplemental Security Income (SSI) Redetermination by Mail—0960-NEW. SSA will conduct a test of prototype form SSA-8204(TEST). This test will study the feasibility of using a questionnaire mailed to recipients as opposed to the current in person or telephone interview process. The information collected will be used to determine whether SSI recipients have met and continue to meet all requirements for continuing SSI program eligibility. The respondents for this study are randomly selected SSI recipients in the Atlanta and Kansas City regions.

Number of Respondents: 300.

Frequency of Response: 1.

Average Burden Per Response: 30 minutes.

Estimated Annual Burden: 150.

Written comments and recommendations regarding the information collection(s) should be directed within 30 days to the OMB Desk Officer and SSA Reports Clearance Officer at the following addresses:

(OMB) Office of Management and Budget, OIRA, Attn: Laura Oliven, New Executive Office Building, Room 10230, 725 17th St., NW, Washington, D.C. 20503

(SSA) Social Security Administration, DCFAM, Attn: Frederick W. Brickenkamp, 1-A-21 Operations Bldg., 6401 Security Blvd., Baltimore, MD 21235

To receive a copy of any of the forms or clearance packages, call the SSA Reports Clearance Officer on (410) 965-4145 or write to him at the address listed above.

Correction

The Information Collection Notices for the RSI/DI Quality Review Case Analysis—Sampled Number Holder; RSI/DI Quality Review Case Analysis—Auxiliaries/Survivors; RSI/DI Quality

¹² 17 CFR 240.19b-4(e)(6).

¹³ 17 CFR 200.30-3(a)(12).