

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40681; File No. SR-Phlx-98-44]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. To Amend Exchange Rule 1080 To Permit Automatic Execution of U.S. Top 100 Index Options Orders for the Accounts of Broker Dealers

November 16, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on October 20, 1998, the Philadelphia Stock Exchange, Inc. ("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 Exchange. 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 Phlx proposes to amend Exchange Rule 1080 to permit orders for U.S. Top 100 Index ("TPX") options for the accounts of broker-dealers to be made eligible for execution on the Automatic Execution System ("AUTO-X"), a feature of the Phlx Automated Options Market ("AUTOM").³

The text of the proposed rule change is available at the Office of the Secretary, the Phlx, and at the Commission.

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 Exchange 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 Exchange 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 U.S. Top 100 Index is a capitalization-weighted, broad-based stock index composed of 100 of the most highly capitalized, widely held U.S. common stocks representing a variety of industries including, but not limited to, technology, manufacturing, and service industries, of which ninety-six are listed on the New York Stock Exchange and four are Nasdaq National Market securities.⁴ Currently, with respect to TPX options, broker-dealer orders may be entered into AUTOM, but are not eligible for AUTO-X.⁵ AUTO-X is a feature of AUTOM that automatically executes agency market and marketable limit orders up to the number of contracts permitted by the Exchange in equity and index options.⁶ As stated above, only agency orders are eligible for AUTO-X.⁷ Agency orders for up to 500 TPX option contracts are eligible for AUTOM.⁸ For purposes of AUTOM and AUTO-X eligibility, an agency order is an order entered on behalf of a public customer, and does not include any order entered for the account of a broker-dealer or any account in which a broker-dealer or an associated person of a broker-dealer has any direct or indirect interest.⁹

The Phlx is proposing to provide AUTO-X eligibility for broker-dealer orders for TPX options for up to 50 contracts. Presently, the maximum AUTO-X agency order size is currently 50 contracts.¹⁰ Thus, the 50-contract aspect of the proposal is consistent with the current order size provisions of Rule 1080. The Phlx believes that providing AUTO-X eligibility for TPX option orders entered by broker-dealers should expand to liquidity of, and add depth to, the Phlx marketplace by attracting

additional institutional investors to TPX.

The Phlx believes that the TPX, typically a high-priced options index, appeals to institutional investors more so than to individual investors. Therefore, automatic execution at higher contract levels is particularly important to institutional investors. The Phlx believes that permitting broker-dealer TPX options orders to be executed via AUTO-X will allow broker-dealers to benefit from prompt and efficient automatic execution and reporting.¹¹ This, in turn, should add depth and liquidity to the Phlx's marketplace for TPX options by attracting orders from broker-dealers who seek immediate, automatic executions through AUTO-X. The Exchange is only proposing to permit broker-dealer orders to be AUTO-X eligible in TPX options, recognizing that broker-dealer access to a small order execution system is new.¹² The Exchange believes that TPX is particularly well-suited for this endeavor because of the composition of the index and the investor participants and trading patterns it generates.

2. Statutory Basis

For these reasons, the proposed rule change is consistent with Section 6 of the Act in general, and in particular, with Section 6(b)(5), in that it is designed to promote just and equitable principles of trade, to add depth and liquidity to the marketplace for TPX options, and to facilitate execution and reporting of broker-dealer orders for TPX options.

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 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 self-regulatory

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ AUTOM is an electronic order routing system for options orders. See Phlx Rule 1080.

⁴ See Securities Exchange Act Release No. 35591 (April 11, 1995), 60 FR 19423 (April 18, 1995) (order approving File No. SR-Phlx-95-07).

Telephone conversation between Richard Rudolph, Counsel, Phlx, and David Sieradzki, Attorney, Division of Market Regulation, Commission on November 3, 1998 ("Telephone Conversation").

⁵ See Securities Exchange Act Release No. 36429 (October 27, 1995), 60 FR 55874 (November 3, 1995) (order approving File No. SR-Phlx-95-35). Other than broker-dealer orders in TPX options, only agency options orders are eligible for AUTOM. *Id.*

⁶ See Securities Exchange Act Release No. 38792 (June 30, 1997), 62 FR 36602 (July 8, 1997) (order approving SR-Phlx-97-24).

⁷ Telephone Conversation, *supra* note 4.

⁸ See Securities Exchange Act Release No. 35782 (May 30, 1995), 60 FR 30136 (June 7, 1995) (order approving SR-Phlx-95-30).

⁹ See *supra* note 6.

¹⁰ See Exchange Rule 1080(c).

¹¹ Telephone Conversation, *supra* note 4.

¹² *Id.*

organization 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, including whether the proposed rule 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 Room. 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-98-44 and should be submitted by December 14, 1998.

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

Margaret H. McFarland,
Deputy Secretary.
[FR Doc 98-31226 Filed 11-20-98; 8:45 am]
BILLING CODE 8010-01-M

SMALL BUSINESS ADMINISTRATION
[Declaration of Disaster #3147]

State of Florida

As a result of the President's major disaster declaration on November 6,

1998, I find that Monroe County in the State of Florida constitutes a disaster area due to damages caused by Tropical Storm Mitch beginning on November 4, 1998 and continuing through November 5, 1998. Applications for loans for physical damage may be filed until the close of business on January 5, 1999 and for economic injury until the close of business on August 6, 1999 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.

In addition, applications for economic injury loans from small businesses located in the following contiguous counties in the State of Florida may be filed until the specified date at the above location: Dade and Collier.

The interest rates are:

	Percent
For Physical Damage:	
Homeowners with credit available elsewhere	6.750
Homeowners without credit available elsewhere	3.375
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	7.000
For Economic Injury:	
Businesses and small agricultural cooperatives without credit available elsewhere	4.000

The numbers assigned to this disaster are 314711 for physical damage and 9A5300 for economic injury.

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

Dated: November 13, 1998.

Bernard Kulik,
Associate Administrator for Disaster Assistance.
[FR Doc. 98-31230 Filed 11-20-98; 8:45 am]
BILLING CODE 8025-01-P

SMALL BUSINESS ADMINISTRATION
[Declaration of Disaster #3146]

State of Kansas; Amendment #1

In accordance with a notice from the Federal Emergency Management Agency dated November 10, 1998, the above-numbered Declaration is hereby amended to include Douglas County, Kansas as a disaster area due to damages caused by severe storms and flooding beginning October 30, 1998 and continuing.

In addition, applications for economic injury loans from small businesses located in the contiguous counties of

Jefferson, Leavenworth, and Shawnee in the State of Kansas may be filed until the specified date at the previously designated location. Any counties contiguous to the above-named primary county and not listed herein have been previously declared.

All other information remains the same, i.e., the deadline for filing applications for physical damage is January 4, 1999 and for economic injury the termination date is August 5, 1999.

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

Dated: November 13, 1998.

Bernard Kulik,
Associate Administrator for Disaster Assistance.
[FR Doc. 98-31231 Filed 11-20-98; 8:45 am]
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DEPARTMENT OF TRANSPORTATION

Coast Guard
[USCG-1998-4770]

Implementation Focus and Coordination Team for the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978, as Amended

AGENCY: Coast Guard, DOT.

ACTION: Notice of meeting; request for comments.

SUMMARY: The Coast Guard is holding a public meeting to hear information concerning implementation requirements of the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978, as amended in 1995 (STCW). The Coast Guard recently established an STCW Implementation Focus and Coordination Team to monitor and coordinate nationwide implementation of STCW. The Coast Guard encourages you to provide ideas, comments, and questions on implementing the provisions of the

¹³ 17 CFR 200.30-3(a)(12).