

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning Amendment No. 2, including whether it is consistent with the Act. 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 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 NASD. All submissions should refer to File No. SR-NASD-98-63 and should be submitted by ????.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change SR-NASD-98-63, including Amendment No. 2, is approved.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-32096 Filed 12-1-98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40707; File No. SR-PHLX-98-04]

Self-Regulatory Organizations; Order Approving Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Amending Rule 783, Report of Financial Arrangements and Floor Procedure Advice F-11, Splitting Orders

November 24, 1998.

I. Introduction

On April 27, 1998, the Philadelphia Stock Exchange, Inc. ("PHLX" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") pursuant to

Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4² thereunder a proposed rule change to amend its financial arrangements rule, Rule 783, and Options Floor Procedure Advice F-11³ regarding the Splitting of Orders. On October 2, 1998, the PHLX submitted Amendment No. 1 to the proposed rule change.⁴ On October 20, 1998, the proposal, as amended, was published for comment in the **Federal Register**.⁵ The Commission received no comments on the proposal. This order approves the proposal.

II. Description of the Proposal

The Exchange proposes to amend its financial arrangements rule Rule 783, to require that members, member organizations, foreign currency options participants, participant organizations and general partners or voting stockholders thereof report to the Exchange financial arrangements for amounts greater than \$5,000. Currently, PHLX Rule 783 requires that members and member organizations report to the Exchange the obtaining and making of a loan over \$2500, including loans to non-members. The proposed definition of financial arrangements includes any consideration over \$5000 that constitutes a loan, gift, salary or bonus; the direct financing of a member or participant organization (except clearing arrangements)⁶, any direct equity investment or profit sharing arrangement; and the guarantee of a trading account (except a clearing arrangement). Currently, paragraph (b) of PHLX Rule 783 provides exceptions

for certain member-to-member loans. Proposed exceptions to the rule are outlined in proposed paragraph (c) of PHLX Rule 783. The amended rule would not apply to stock loan arrangements⁷ or transactions between members affiliated with the same member organization or participants affiliated with the same participant organization or transactions in publicly traded securities of a member organization. All parties involved in the financial arrangement are required to notify the Exchange of eligible financial arrangements without ten (10) business days of the effective date of such arrangements. In the event of termination of the financial arrangement, the parties involved must similarly notify the Exchange of the termination.

In addition, the Exchange proposes to amend Options Floor Procedure Advice F-11 regarding the Splitting of Orders by adding that dually and financially affiliated Registered Option Traders ("ROTs") will be treated as one interest for the purpose of splitting an order in the trading crowd. Currently, Advice F-11 requires ROTs of the same firm when bidding or offering at the same price and for the same option to be treated as one interest for the purpose of splitting an order in the trading crowd. The proposal would extend the Advice to dually and financially affiliated ROTs further ensuring fairness in the order splitting process. Advice F-11 defines "dually affiliated" as those ROTs required to report pursuant to Exchange Rule 793,⁸ and "financially affiliated" as those ROTs required to report pursuant to Exchange Rule 783. The Exchange also proposes to increase the fine schedule for failing to report dual or financial affiliations from \$100.00 to \$500.00 for the first offense; \$250.00 to \$1,000.00 for the second offense; and from \$500.00 to a sanction discretionary with the Business Conduct Committee for the third offense and thereafter. The

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The PHLX's minor rule violation enforcement and reporting plan ("minor rule plan"), codified in PHLX Rule 970, contains floor procedure advises with accompanying fine schedules. Rule 19d-1(c)(2) under the Act authorizes national securities exchanges to adopt minor rule violation plans for summary discipline and abbreviated reporting; Rule 18d-1(c)(1) under the Act requires prompt filing with the Commission of any final disciplinary action. However, minor rule violation not exceeding \$2,500 are deemed not final, thereby permitting periodic, as opposed to immediate, reporting.

⁴ Letter from Nandita Yagnik, Esquire, PHLX, to Michael Walinskas, Deputy Associate Director, Division of Market Regulation, SEC dated Sept. 30, 1998. In Amendment No. 1, the PHLX added a requirement that members, member organizations, participants and participant organizations disclose loans and financial arrangements with non-members.

⁵ Securities Exchange Act Release No. 40541 (Oct. 9, 1998), 63 FR 56056 (Oct. 20, 1998).

⁶ Under the proposal, clearing arrangements are defined as those arrangements in which a company acts as an intermediary in making payments, deliveries or both in connection with transactions in securities, or who provides facilities for comparison of data respecting the terms of settlement of securities.

⁷ Under the proposal, a stock loan arrangement shall mean an agreement for the lending and borrowing of securities and shall include a securities contract or other agreement, including related terms, for the transfer of securities against the transfer of funds, securities, or other collateral, with simultaneous agreement by the transferee to transfer to the transferor against the transfer of funds, securities, or other collateral upon notice, at a date certain, upon demand, the same or substituted securities.

⁸ PHLX Rule 793 requires persons who are general or limited partners, or an officer, director, stockholder or associated person of more than one member or participant organization or who are affiliated in any manner with a non-member, or non-participant organization which is engaged in the securities business, to disclose this affiliation in writing and to have such affiliation approved in writing by the member or participant organization.

¹³ See 17 CFR 200.30-3(a)(12).

Exchange also proposes a corresponding change to its minor rule plan.

III. Discussion

The Commission believes that the proposed rule change is consistent with Section 6(b)(5) of the Act⁹ in that it promotes just and equitable principles of trade and protects investors and the public interest by revising the Exchange's financial arrangement rule and strengthening the order splitting provision of Advice F-11.¹⁰ The Commission believes the increased dollar limit updates the Exchange's financial arrangement rule to take into account inflation without significantly reducing the protections of the rule. The Commission also believes that extending Advice F-11 to dually and financially affiliated ROTs should enhance competition in options traded on the PHLX by preventing one firm from garnering all of the executions in a particular option by splitting orders in the trading crowd among members who are either dually or financially affiliated.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹¹ that the proposed rule change (SR-PHLX-98-04) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹²

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-32040 Filed 12-1-98; 8:45 am]

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SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3134, Amdt. 1]

Commonwealth of Puerto Rico

In accordance with a notice received from the Federal Emergency Management Agency, the above-numbered Declaration is hereby amended to extend the deadline for filing applications for physical damages as a result of this disaster to December 31, 1998.

All other information remains the same, i.e., the deadline for filing applications for economic injury is June 24, 1999.

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

⁹ 15 U.S.C. 78f(b)(5).

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

¹¹ 15 U.S.C. 78s(b)(2).

¹² 17 CFR 200.30-3(a)(12).

Date: November 24, 1998.

Bernard Kulik,

Associate Administrator for Disaster Assistance.

[FR Doc. 98-32080 Filed 12-1-98; 8:45 am]

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SMALL BUSINESS ADMINISTRATION

Senior Executive Service; Performance Review Board Members

ACTION: Roster of Members of this Agency's Senior Executive Service.

SUMMARY: Section 4314(c) (4) of Title 5, U.S.C. requires Federal agencies publish notification of the appointment of individuals who may serve as members of that Agency's Performance Review Boards (PRB). The following is the FY 1998 Performance Review Board roster:

1. Jadine Nielsen, Chief of Staff;
2. Elizabeth Montoya, Associate Deputy Administrator for Management and Administration;
3. Betsy Myers, Associate Deputy Administrator for Entrepreneurial Development;
4. John Gray, Associate Deputy Administrator for Capital Access;
5. Carolyn J. Smith, Assistant Administrator for Human Resources;
6. Lawrence Barrett, Chief Information Officer;
7. Dave Kohler, Associate General Counsel for General Law;
8. Thomas Dumaresq, Assistant Administrator for Administration;
9. Erline Patrick, Assistant Administrator for Equal Employment Opportunity and Civil Rights Compliance;
10. Calvin Jenkins, Deputy to the Associate Deputy Administrator for Government Contracting and Minority Enterprise Development;
11. Jeanne Sclater, Deputy to the Associate Deputy Administrator for Capital Access;
12. Herbert Mitchell, Deputy Associate Administrator for Disaster Assistance;
13. Francisco Marrero, District Director (Newark);
14. Darryl Hairston, District Director (Washington);
15. Mark Quinn, District Director (San Francisco).

Dated: November 25, 1998.

Aida Alvarez,
Administrator.

[FR Doc. 98-32081 Filed 12-1-98; 8:45 am]

BILLING CODE 8025-01-P

TENNESSEE VALLEY AUTHORITY

Environmental Impact Statement: Union County, Mississippi, Multipurpose Reservoir/Other Water Supply Alternatives

AGENCY: Tennessee Valley Authority.
ACTION: Notice of Intent.

SUMMARY: The Tennessee Valley Authority (TVA) will prepare an environmental impact statement (EIS) on a multipurpose reservoir in Union County, Mississippi, located in northeast Mississippi. The primary purpose of the reservoir is to provide an adequate and reliable water supply for the Union County area. This EIS will also consider other alternative means of meeting the area's water supply needs. Alternatives to be considered will include one or a combination of the following: construction of a surface impoundment on a tributary of the Little Tallahatchie River; installation of one or more water pipelines from existing public water supplies; development of new groundwater sources; and the no action alternative. With this notice, TVA invites comments on the scope of this EIS.

DATES: Comments on the scope of the EIS must be received on or before January 8, 1999. TVA will conduct a public meeting in New Albany, Mississippi to discuss the project and obtain comments on the scope of the EIS. The location and time of this meeting are described below in the Scoping Process section.

ADDRESSES: Comments should be sent to Charles P. Nicholson, National Environmental Policy Act Specialist, Tennessee Valley Authority, 400 West Summit Hill Drive, WT 8C, Knoxville, Tennessee 37902-1499. Comments may also be e-mailed to cpnicholson@tva.gov.

FOR FURTHER INFORMATION CONTACT: Daniel H. Ferry, Tennessee Valley Authority, WT 10D-K, Knoxville, Tennessee 37902-1499, e-mail: dhferry@tva.gov; or Gary D. Hickman, Tennessee Valley Authority, ABL 1A-N, Norris, Tennessee 37828, e-mail: gdhickman@tva.gov.

SUPPLEMENTARY INFORMATION: TVA has been asked by Union County, Mississippi, and the City of New Albany to assist in the evaluation of a proposed reservoir and other means of supplying the area's water supply needs. In addition, TVA has been asked to relocate one of its electrical transmission lines that lies within the proposed reservoir pool if the County and City decide to pursue that alternative.