

practices, and protect investors and the public interest, by facilitating the bona fide distribution of hot issue securities to the public, and protecting against the receipt of hot issues by persons in the financial services business who are in a position to direct future business to the member, or who have an unfair advantage due to their inside position in the industry. Further, NASD Regulation believes that the proposed changes and clarifications to the Interpretation are consistent with Section 15A(b)(9) in that they alleviate certain inequities caused by the Interpretation, which imposed burdens on competition not necessary or appropriate in furtherance of the purposes of the Act.

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

NASD Regulation does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

*(C) Self-Regulatory Organization's Statement on comments on the Proposed Rule Change Received From Members, Participants, or Others*

The proposed rule change was published for comment in NASD Notice to Members 97-30 (May 1997). Twenty-two comments were received in response to the notice. The position of the commenters and their specific comments are discussed above in section II(A).

**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 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. 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 NASD. All submissions should refer to the file number SR-NASD-97-95 and should be submitted by March 4, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>6</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 98-3372 Filed 2-10-98; 8:45 am]

BILLING CODE 8010-01-M

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-39619; File No. SR-PHLX-98-01]

**Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Concerning Notice to Persons Who are the Subject of a Report to the Exchange Business Conduct Committee**

February 3, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4<sup>2</sup> thereunder, notice is hereby given that on February 3, 1998, the Philadelphia Stock Exchange, Inc. ("PHLX" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") 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 960.2 to adopt new subsection (e), Notice and Statement, to codify the Exchange's practice of

notifying persons who are the subject of an investigative report, which will be reviewed by the Business Conduct Committee, and to give those persons the opportunity to submit a written statement to the Business Conduct Committee prior to the Business Conduct Committee's review of the investigative report. The text of the proposed rule change is below. Brackets represent deletions; italicizing represents additions.

*Complaint and Investigation*

*Investigation and Authorization of Complaint*

Rule 960.2 (a)-(d) No change.

*(e) Notice and Statement. Prior to submitting its report, the staff shall notify the person(s) who is (are) the subject of the report ("Subject") of the general nature of the allegations and of the specific provisions of the Exchange Act, rules and regulations promulgated thereunder, or constitutional provisions, by-laws or rules of the Exchange or any interpretation thereof or any resolution of the Board regulating the conduct of business on the Exchange, that appear to have been violated. The staff shall also inform the Subject that the report will be reviewed by the Committee. The Subject may then submit a written statement to the Committee concerning why no disciplinary action should be taken. To assist a Subject in preparing such a written statement, he shall have access to any documents and other materials in the investigative file of the Exchange that were furnished by him or his agents.*

*[(e)] (f) Determination to Initiate Charges.*

No change.

**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 PHLX 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 PHLX 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*

In April of this year, the Exchange's Board of Governors adopted the recommendation of the Governance

<sup>6</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1) (1994).

<sup>2</sup> 17 CFR 240.19b-4 (1997).

Committee appointed by the Board of Governors to codify the Exchange's practice of using "Wells" letters with respect to the Business Conduct Committee process. Prior to submitting any investigative report to the Business Conduct Committee, in which the staff of the Exchange is recommending that there is a reasonable basis to believe that a violation within the disciplinary jurisdiction of the Exchange has occurred, the staff will notify the person who is the subject of the report of the general nature of the allegations and the specific rule or by-law that appears to have been violated. The staff will also inform the subject that the report will be reviewed by the Business Conduct Committee and that the subject may submit a written statement to the Business Conduct Committee concerning why he believes that no disciplinary action should be taken. This practice is often referred to as a "Wells" submission and is used by the Commission in its enforcement program. The Exchange has always adhered to this practice and is now merely codifying it as an Exchange rule.<sup>3</sup> Although no time frame is specified within the rule, a reasonable amount of time depending on the circumstances of the matter is afforded the subject and the deadline for submission is always included in the notice to the subject.

The proposed rule change is consistent with Section 6 of the Act in general, and in particular, with Section 6(b)(7), in that it provides a fair procedure for the disciplining of members and persons associated with members because it codifies an existing practice which affords rights to members and associated persons of notice and opportunity to comment prior to the staff submitting a report to the Business Conduct Committee which may result in enforcement proceedings against such member or associated person.

#### *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**

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 for 30 days from February 3, 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 business days prior to the filing date, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(e)(6) thereunder.<sup>4</sup>

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 Room. Copies of the filing will also be available for inspection and copying at the PHLX's principal offices. All submissions should refer to File No. SR-PHLX-98-01 and should be submitted by March 4, 1998.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 98-3371 Filed 2-10-98; 8:45 am]

BILLING CODE 8010-01-M

### **SOCIAL SECURITY ADMINISTRATION**

#### **Privacy Act of 1974; New Systems of Records**

**AGENCY:** Social Security Administration (SSA).

**ACTION:** Notification of two proposed new systems of records.

**SUMMARY:** In accordance with the Privacy Act of 1974 as amended (5 U.S.C. 552a(e)(4) and (11)), we are notifying the public of our intent to establish two new systems of records. The proposed systems are entitled:

- Vocational Rehabilitation; State Vocational Rehabilitation Agency Information (VR SVRA) File; and
- Vocational Rehabilitation; SSA Disability Beneficiaries/Recipients Eligible for Re-referral to an Alternate Vocational Rehabilitation Service Provider (VR Re-referral) File.

For convenience we will refer to the first system as the "VR SVRA File" and the second system as the "VR Re-referral File."

We are also proposing to establish routine uses of the information to be maintained in these systems. The proposed systems and the proposed routine uses are discussed below in the **SUPPLEMENTARY INFORMATION** section.

We invite public comments on this publication.

**DATES:** We filed a report of the proposed systems of records with the Chairman, Senate Committee on Governmental Affairs, the Chairman, House Committee on Government Reform and Oversight, and the Director, Office of Information and Regulatory Affairs, Office of Management and Budget (OMB) on December 29, 1997. The proposed systems, including the proposed routine uses will become effective on March 23, 1998, unless we receive comments on or before that date which would warrant preventing the proposed systems from taking effect.

**ADDRESSES:** Interested individuals may comment on this proposal by writing to the SSA Privacy Officer, 3-A-6 Operations Building, 6401 Security Boulevard, Baltimore, Maryland 21235; comments may be faxed to (410) 966-0869. All comments received will be available for public inspection at the above address.

**FOR FURTHER INFORMATION CONTACT:** Mrs. Stephanie J. Green, Social Insurance Specialist, Office of Disclosure Policy, Social Security Administration, 3-D-1 Operations Building, 6401 Security Boulevard, Baltimore, Maryland 21235, Telephone 410-965-4561.

<sup>3</sup> See Rule 17.2(d) of the Chicago Board Options Exchange ("CBOE") which is similar to this rule.

<sup>4</sup> 17 CFR 240.19b-4(e)(6)(1997).

<sup>5</sup> 17 CFR 200.30-3(a)(12)(1997).