

- Agree to maintain 2 times (2.5 times, in the case of a 15% combination) the capital requirement specified in Rule 104.20 with respect to each of the combined entity's stocks that are component stocks of the Standard and Poor's 500 Stock Price Index; and

- Agree that all capital required to be dedicated to specialist operations be accounted for separate and apart from any other capital of the combined entity, and that such specialist capital may not be used for any other aspect of the combined entity's operations.

The proposal also requires that proponents of a proposed combination that would result in a specialist unit accounting for more than 5%, but less than or equal to 10%, of a concentration measure, maintain 1.5 times the capital requirement specified in Rule 104.20 with respect to each of the combined entity's stocks that are components stocks of the Standard and Poor's 500 Stock Price Index.

IV. Discussion and Conclusion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, with the requirements of Sections 6(b).⁷ In particular, the Commission believes the proposal is consistent with the Section 6(b)(5) requirements that the rules of an exchange be designated to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, and, in general, to protect investors and the public, in that it addresses concerns about capitalization, operational efficiency, and risk management where proposed combinations would result in large sized specialist units.

The Commission agrees with the NYSE that these new requirements are appropriate in that they should minimize the risk of financial and/or operational failure of larger-sized units, and ensure that such units have sufficient, separately dedicated capital with which to meet their market making responsibilities. The Commission believes that it is appropriate to modify the Policy to place additional capitalization requirements when specialist units are combining. The combined entity will be larger than either of the two (or more) original entities, responsible for more securities, and financially exposed to a larger

stock in which he is registered and must be able to establish that he can meet, with his own net liquid assets, the greater of, a minimum capital requirement of \$1,000,000 or 25% of the foregoing position requirement.

⁷ 15 U.S.C. 78f(b) (1988).

degree. The potential impact of the financial failure of a large-sized specialist unit upon the NYSE would be proportionately greater in comparison to either original unit. Thus, imposing more stringent capitalization requirements upon the new unit should decrease the probability of any such failure, and minimize any subsequent detrimental impact upon the market place.

The Commission also believes that the proposal does not impose any unnecessary or inappropriate burden on competition under Section 6(b)(8) of the Act in that it establishes review procedures to prevent potential under-capitalization of specialist units that could hinder market quality. The Commission recognizes that the revised Policy can prevent certain combinations from occurring by placing additional requirements for such combinations to take place. Nonetheless, the Commission believes that the additional requirements will help to ensure that combinations potentially detrimental to the market place will not be permitted. Accordingly, any potential burden on competition resulting from the proposal is, in the Commission's view, justified as necessary and appropriate under the Act.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁸ that the proposed rule change (SR-NYSE-94-46) is approved.

For the Commission, by the Division of Market Regulations, pursuant to delegated authority.⁹

Margaret H. McFarland,

Deputy Secretary.

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SMALL BUSINESS ADMINISTRATION

Declaration of Disaster Loan Area, North Carolina

Duplin, Lenoir, and Sampson Counties and the contiguous Counties of Bladen, Crave, Cumberland, Greene, Harnett, Johnston, Jones, Onslow, Pender, Pitt, and Wayne in the State of North Carolina constitute a disaster area as a result of damages caused by severe storms and tornadoes which occurred on January 6 and 7, 1995. Applications for loans for physical damage may be filed until the close of business on April 10, 1995 and for economic injury until the close of business on November 8, 1994 at the address listed below: U.S. Small Business Administration, Disaster

⁸ 15 U.S.C. 78s(b)(2) (1988).

⁹ 17 CFR 200.30-3(a)(12) (1994).

Area 2 Office, One Baltimore Place, Suite 300, Atlanta, GA 30308, or other locally announced locations.

The interest rates are:

	Percent
For physical damage:	
Homeowners With Credit Available Elsewhere	8.000
Homeowners Without Credit Available Elsewhere	4.000
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	7.125
For Economic Injury:	
Businesses and Small Agricultural Cooperatives Without Credit Available Elsewhere	4.000

The number assigned to this disaster for physical damage is 276412 and for economic injury the number is 844400.

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

Dated: February 8, 1995.

Philip Lader,

Administrator.

[FR Doc. 95-3593 Filed 2-13-95; 8:45 am]

BILLING CODE 8025-01-M

Commonwealth of the Northern Mariana Islands; Declaration of Disaster Loan Area

The Islands of Antahan, Saipan, and Tinian in the Commonwealth of the Northern Mariana Islands are hereby declared a disaster area as a result of damages caused by Typhoon Zelda which occurred on November 3, 1994. Applications for loans for physical damage as a result of this disaster may be filed until the close of business on April 7, 1995 and for economic injury until the close of business on November 6, 1995 at the address listed below: U.S. Small Business Administration, Disaster Area 1 Office, 360 Rainbow Blvd. South, 3rd Floor, Niagara Falls, NY 14303, or other locally announced locations.

The interest rates are:

	Percent
For physical damage:	
Homeowners with credit available elsewhere	8.000
Homeowners without credit available elsewhere	4.000
Businesses with credit available elsewhere	8.000
Businesses and non-profit organizations without credit available elsewhere	4.000