

Governors be present at Allocation Committee meetings.

In order to avoid the appearance of a conflict of interest on the part of an Allocation Committee member, the Policy requires an Allocation Committee member whose firm has an investment banking/underwriting relationship with a listing company or is affiliated with a specialist unit applicant, to abstain from deliberations with respect to that particular stock. The Exchange has found that the conflict of interest exclusion may, at times, impede the Exchange's efforts to maintain the maximum presence of three Floor broker Governors on the Allocation Committee. The Exchange believes that conflict of interest abstentions, among other matters, could lead to situations in which the quorum requirement for Floor broker Governors could not be met. In order to respond to this concern, the Exchange is proposing to amend the Policy to permit Senior Floor Officials<sup>8</sup> to substitute for Floor broker Governors on the Allocation Committee for purposes of satisfying quorum requirements.

As stated above, the Allocation Committee membership is drawn from the Allocation Panel. The Allocation Panel consists of 28 Floor brokers, 8 allied members, the 8 Floor broker Governors (who are part of the Allocation Panel by virtue of their appointment as Governors), and the 4 allied members serving on the Exchange's Market Performance Committee. The Exchange would also amend the Policy to expand the Allocation Panel by appointing a minimum of 5 Senior Floor Officials each year. The Senior Floor Officials on the Allocation Panel would constitute a separate category, distinguished from the 28 Floor brokers.

In the event that any of the Floor broker Governors on the standing Allocation Committee were not able to attend an Allocation Committee meeting, or to participate in the allocation of a particular stock, the Exchange would first seek to substitute for such Governor(s) with another Floor broker Governor on the Allocation Panel. If no such Governor was available, in order to maximize the seniority of the Allocation Committee membership, a Senior Floor Official broker on the Allocation Panel that is not a standing member of the Allocation Committee would be sought as a substitute for the absent Governor(s). In instances where no Senior Floor Official broker was available from the Allocation

Panel, any Senior Floor Official broker on the standing Allocation Committee may substitute for the absent Governor(s) for purposes of meeting the Governor quorum requirement.

The current language of the Policy states that a former Allocation Committee chairman may substitute for a standing Allocation Committee member who cannot attend a meeting or participate in a particular allocation decision, when a Floor broker or allied member is not available to substitute for the unavailable Committee member. The Exchange is amending the Policy to indicate that, however, a former Allocation Committee chairman may not substitute for a Floor broker Governor for the purpose of meeting the Floor broker Governor quorum requirement unless such former Allocation Committee chairman is a Senior Floor Official.

The exchange is also amending the "Term of Service" provision for Panel members to include a provision for Senior Floor Officials. Senior Floor Officials are subject to annual reappointment, but are not subject to the two committee term restriction that floor brokers and allied members are subject to, and are not limited to a maximum of six consecutive one-year terms.

### III. Discussion

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 Section 6(b).<sup>9</sup> In particular, the Commission believes the proposal is consistent with the Section 6(b)(5) requirements that the rules of an exchange be designed to remove impediments to and perfect the mechanism of a free and open market, and, in general, to protect investors and the public. Further, the Commission finds that the rule change is consistent with section 11(b) of the Act<sup>10</sup> and Rule 11b-1 thereunder,<sup>11</sup> which allow exchanges to promulgate rules relating to specialists in order to maintain fair and orderly markets.

The Commission believes that the amended Policy should enhance the Exchange's allocation process and thereby protect investors and the public interest. Specialists play a crucial role in providing stability, liquidity and continuity to the trading of securities. Among the obligations imposed upon

specialists by the Exchange, and by the Act and the rules thereunder, is the maintenance of fair and orderly markets in their designated securities.<sup>12</sup> To ensure that specialists fulfill these obligations, it is important that the Exchange develop and maintain stock allocation procedures and policies that ensure that securities are allocated in an equitable and fair manner and that all specialists have a fair opportunity for allocations based on established criteria and procedures.

The Commission believes that amending the Policy to revise the composition of the Allocation Panel and the quorum requirement for the Allocating Committee, should maximize the expertise of the Allocation Committee and Allocation Panel. A high level of expertise should enable the Allocation Committee to provide the best possible match between specialist units and the securities to be allocated and, thereby, ensure the quality of specialist performance.

In addition, the Commission believes that the amended Policy will contribute to the maintenance of fair and orderly markets. The amended Policy permits Senior Floor Officials to substitute for Floor broker Governors on the Allocation Committee when such Floor broker Governors cannot participate in the Allocation Committee's meeting. By providing an alternative means for the Allocation Committee to meet and determine stock allocations, stock will be allocated to specialists in a more expeditious manner.

### IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>13</sup> that the proposed rule change (SR-NYSE-95-13) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>14</sup>

**Margaret H. McFarland,**  
Deputy Secretary.

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## SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster Loan Area #2799]

### Missouri; Declaration of Disaster Loan Area

Randolph County and the contiguous counties of Audrain, Boone, Chariton, Howard, Macon, Monroe, and Shelby in

<sup>12</sup> Rule 11b-1, 17 C.F.R. 240.11b-1; NYSE Rule 104.

<sup>13</sup> 15 U.S.C. 78s(b)(2).

<sup>14</sup> 17 CFR 200.30-3(a)(12).

<sup>9</sup> 15 U.S.C. 78f(b).

<sup>10</sup> 15 U.S.C. 78k(b).

<sup>11</sup> 17 C.F.R. 240.11b-1.

<sup>8</sup> A Senior Floor Official is a former Governor or a former Floor Director.

the State of Missouri constitute a disaster area as a result of damages caused by a tornado which occurred on July 4, 1995. Applications for loans for physical damage as a result of this disaster may be filed until the close of business on Sept. 14, 1995 and for economic injury until the close of business on April 15, 1996 at the address listed below: U.S. Small Business Administration, Disaster Area 3 Office, 4400 Amon Carter Blvd., Suite 102, Ft. Worth, TX 76155, 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 279912 and for economic injury the number is 857200.

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

Dated: July 14, 1995.

**Philip Lader,**

*Administrator.*

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**Interest Rates**

On a quarterly basis, the Small Business Administration publishes an interest rate called the optional "peg" rate (13 CFR 122.8-4(d)). This rate is a weighted average cost of money to the government for maturities similar to the average SBA loan. This rate may be used as a base rate for guaranteed fluctuating interest rate SBA loans. For the July-September quarter of FY 95, this rate will be 7/8 percent.

**John R. Cox,**

*Associate Administrator for Financial Assistance.*

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**DEPARTMENT OF TRANSPORTATION**

**Federal Highway Administration**

**Opportunity Development Missions for Intelligent Transportation System Project**

**AGENCY:** Federal Highway Administration (FHWA), DOT.

**ACTION:** Notice of meetings.

**SUMMARY:** The ITS Consortium, a contractor with the FHWA, is initiating a series of Opportunity Development Missions to assist minority businesses and educational institutions to become more involved in Intelligent Transportation System (ITS) projects as mainstream partners. The ITS Consortium, through an ongoing series of quarterly meetings held on the campuses of historically black colleges and universities, has provided ITS educational and outreach forums designed to create effective public and private partnerships. These efforts have allowed a number of minority businesses and educational institutions to move forward and develop relationships with major private and public sector organizations in the ITS field.

**DATES:** The forums are scheduled as follows:

1. August 17, 1995, 1 p.m.-4 p.m., Baltimore, MD
2. August 23, 1995, 8 a.m.-3 p.m., Schaumburg, IL
3. September 20, 1995, 8 a.m.-3 p.m., Hampton, VA
4. September 23-24, 1995, 8 a.m., Austin, TX.

**ADDRESSES:** The forums will be held at the following locations:

1. Baltimore, MD, Maryland State Highway Administration Hanover Operations Complex, 7491 Connelley Drive, Training Room of the Office of Traffic & Safety
2. Schaumburg, IL, Motorola Main Campus, Galvin Center, 1295 East Algonquin Road
3. Hampton, VA, Hampton University
4. Austin, TX (Please call the ITS Consortium for location.)

**FOR FURTHER INFORMATION CONTACT:** Victoria Fore, ITS Consortium, 122 C Street NW., Suite 820, Washington, DC 20001, (202) 639-1510, Fax: (202) 639-0297 or Beverly Russell, Federal Highway Administration, Intelligent Transportation Systems Joint Program Office, HVH-1, 400 Seventh Street SW., Washington, DC 20590, (202) 366-2202, Fax: (202) 366-8712.

**SUPPLEMENTARY INFORMATION:**

**Background**

The objective of the ITS program is to apply advanced technology in the areas of information processing, communications, control, and electronics to improve safety, reduce congestion, increase mobility, reduce the energy consumption and environmental harm caused by transportation, and increase productivity. The ITS program also incorporates the use of strategic planning and innovative management practices at all levels of government to implement those initiatives which enhance our national surface transportation system, strengthen our economy, and benefit a broad range of users. In addition, the ITS program provides tools that can assist the nation in addressing current transportation problems, as well as future demands, through an intermodal, strategic approach to transportation.

The ITS Consortium's Opportunity Development Missions will consist of minority businesses and educational institutions visiting major private and public sector organizations that are actively involved in significant ITS initiatives. The objectives of these missions will be to:

1. Provide minority organizations with information and an "up-close" look at active ITS projects;
2. Introduce minority organizations to the key contacts and decision makers within the public and/or private sector organizations being visited;
3. Establish the foundation for minority organizations to become mainstream participants in ITS public/private partnerships; and
4. Identify contracting and other business opportunities for minority organizations and major private sectors pursue together. This will include product/service distribution and joint ventures.

**Authority:** 23 U.S.C. 315; 49 CFR 1.48.

Issued on: July 17, 1995.

**Rodney E. Slater,**

*Federal Highway Administrator.*

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