

existing American-style options on the Index under the symbol XOY.⁵

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).⁶ 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 promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, and, in general, to protect investors and the public.

As the Commission has stated previously,⁷ European-style options, which can be exercised only during a specified period prior to expiration, should facilitate transactions in index options through lower premiums and providing certainty to market participants. Premiums on an index option reflect the risk that a long option holder will exercise before expiration and the option writer will be assigned. Because this risk is not present with European-style index options, premiums on these options may be lower, therefore making them more attractive to investors. Moreover, European-style index options provide the certainty that allows market participants (particularly hedgers, spreaders, and options writers) to engage in long-range planning and strategies. This certainty also should promote trading in index options. By facilitating transactions in Index options in these ways, the Commission believes that the proposal should help to increase the depth and liquidity of the Exchange's stock index option markets.

In addition, the Commission believes that the Exchange has established reasonable procedures designed to change Index options from American-style to European-style exercise without causing undue investor confusion. Specifically, the Phlx plans to implement the change in exercise style on a prospective basis by adding expiration series with European-style exercise following the next expiration date of the Index option. The outstanding American-style series will remain outstanding until their expirations or no open interest in these

⁵ The symbol for the American-style Index option was converted from XOC to XOY effective July 8, 1996. See *supra* note 4.

⁶ 15 U.S.C. 78f(b).

⁷ See, e.g., Securities Exchange Act Release Nos. 31831 (February 5, 1993), 58 FR 8436 (February 12, 1993) (order approving change in exercise style of NYSE Composite Index options from American-style to European-style).

series exists. As noted above, the Phlx has already advised its membership of the impending change to the European-style expiration feature for Index options upon Commission approval of this proposal, including the phase-in procedures, by means of a memorandum to members.⁸ The Phlx, upon issuance of this approval order, will notify its members of the change with the exact date when European-style Index options will be introduced.⁹ In addition, the Phlx already has changed the symbol for American-style Index options from XOC to XOY to avoid any confusion.¹⁰

In sum, the Phlx's procedures are comparable to those approved previously by the Commission in connection with other exchanges' modification of the exercise feature of index options¹¹ and should, as noted above, provide benefits to investors.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹² that the proposed rule change (SR-Phlx-96-18) is approved.

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

Margaret H. McFarland,
Deputy Secretary.

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BILLING CODE 8010-01-M

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster Loan Area #2886]

Kentucky (and Contiguous Counties in Ohio and West Virginia); Declaration of Disaster Loan Area

Boyd County and the contiguous counties of Carter, Greenup, and Lawrence in the Commonwealth of Kentucky; Lawrence County, Ohio; and Wayne County, West Virginia constitute a disaster area as a result of damages caused by severe storms and flooding which occurred on July 31, 1996. Applications for loans for physical damage may be filed until the close of business on October 11, 1996 and for

⁸ See *supra* note 4.

⁹ Telephone conversation between Edith Hallahan, Special Counsel, Phlx, and Sharon Lawson, Senior Special Counsel, SEC, dated August 15, 1996.

¹⁰ See *supra* note 4.

¹¹ See, e.g., Securities Exchange Act Release Nos. 31831 (February 5, 1993), 58 FR 8436 (February 12, 1993) (order approving change in exercise style of NYSE Composite Index options from American-style to European-style); 26199 (October 19, 1988), 53 FR 43060 (October 25, 1988) (order approving change in exercise style of Amex Major Market Index options from American-style to European-style).

¹² 15 U.S.C. 78s(b)(2).

¹³ 17 CFR 200.30-3(a)(12).

economic injury until the close of business on May 12, 1997 at the address listed below: U.S. Small Business Administration, Disaster 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 numbers assigned to this disaster for physical damage are 288606 for Kentucky; 288706 for Ohio; and 288806 for West Virginia. For economic injury the numbers are 898900 for Kentucky; 899000 for Ohio; and 899100 for West Virginia.

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

Dated: August 12, 1996.

Philip Lader,
Administrator.

[FR Doc. 96-21301 Filed 8-20-96; 8:45 am]

BILLING CODE 8025-01-P

Boston District Advisory Council Meeting; Public Meeting

The U.S. Small Business Administration, Boston District Advisory Council will hold a public meeting on Thursday, September 12, 1996 at 9:30 a.m. at the SBA, 10 Causeway Street, Room 265, Boston, Massachusetts 02222, to discuss matters as may be presented by members, staff of the U.S. Small Business Administration, or others present.

For further information, write or call Ms. Mary E. McAleney, District Director, U.S. Small Business Administration, 10 Causeway Street, Room 265, Boston, Massachusetts 02222-1093, (617) 565-5560.

Dated: August 19, 1996.

Michael P. Novelli,
Director, Office of Advisory Council.

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