

SCHEDULE OF FEES AND CHARGES FOR EXCHANGE SERVICES

	Cumulative billable trade value per month	Charge per \$1,000 of trade value *
<b>PSE EQUITIES: TRADE-RELATED CHARGES</b>		
EXCHANGE TRANSACTIONS .....	No change. ....	No change
DISCOUNTS AND CAPS [ON AUTOMATED TRANSACTIONS]:		
AUTOMATED TRADE DISCOUNTS .....	No change.	
BLOCK TRADES (5,000 SHARES OR MORE) .....	Transaction charges for block trades of 5,000 shares or more are subject to a minimum charge of \$15 per trade side and a maximum charge of \$75 [\$100] per trade side.	
CAP ON TRANSACTION CHARGES .....	Aggregate monthly transaction charges are subject to a cap of \$.45 per 100 shares.	

**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 self-regulatory organization 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 self-regulatory organization 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**

**1. Purpose**

The Exchange is proposing to amend its charges for equity transactions in two respects: First, the Exchange is proposing to reduce from \$100 to \$75 the current cap on transaction charges for block trades (i.e., trades involving 5,000 shares or more). Second, the Exchange proposes to establish a cap on aggregate monthly transaction charges equal to \$.45 per 100 shares. These changes are intended to make the Exchange's equity transaction charges more competitive.

**2. Statutory Basis**

The proposed rule change is consistent with Section 6(b) of the Act<sup>2</sup> in general and furthers the objectives of Section 6(b)(4)<sup>3</sup> in particular in that it provides for the equitable allocation of reasonable dues, fees, and other charges among the Exchange's members and other persons using its facilities.

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

<sup>3</sup> 15 U.S.C. 78f(b)(4).

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

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

**C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others**

The Exchange has neither solicited nor received written comments on the proposed rule change.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

The foregoing rule change constitutes or changes a due, fee, or other charge imposed by the Exchange and, therefore, has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>4</sup> and subparagraph (e) of Rule 19b-4 thereunder.<sup>5</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. 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

<sup>4</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>5</sup> 17 CFR 240.19b-4.

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 at the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing also will be available for inspection and copying at the principal office of the Pacific Stock Exchange. All submissions should refer to File No. SR-PSE-96-27 and should be submitted by September 30, 1996.

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

Margaret H. McFarland,  
Deputy Secretary.

[FR Doc. 96-22880 Filed 9-6-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37628; File No. SR-Phlx-96-37]

**Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Rule 452, Limitations on Members' Trading Because of Customers' Orders**

September 3, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. § 78s(b)(1), notice is hereby given that on August 22, 1996, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("Commission") filed with the Securities and Exchange Commission

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

("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. 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, pursuant to Rule 19b-4 of the Act, proposes to amend Rule 452, Limitations on Members' Trading Because of Customers' Orders, which prohibits members from trading along with their customers on the same side of the market. Specifically, Rule 452 is proposed to be amended and reorganized as follows: paragraph (a) restates the prohibitions and extends such to member organizations; paragraph (b) exempts certain consensual arrangements between firms and customers; and paragraph (c) exempts odd-lot orders, trades specifying delivery other than regular way, and certain market making activity.

Proposed paragraph (a) will continue to prohibit a member's proprietary trades while the member is holding a customer order executable at the same price, except that the prohibition will be extended to member organizations. Paragraph (b) provides that a member or member organization may enter a proprietary order if the customer has given express permission, agreeing and understanding the method of allocating executions, including the prices and sizes, with respect to three categories of trading activities. The first exempted activity relates to a member or member organization liquidating a position held in a proprietary facilitation account where the customer's order is for 10,000 shares or more. The term "proprietary facilitation account" is an account used to record transactions whereby the member organization acquires positions in the course of facilitating customer orders. Thus, only those positions which are recorded in a proprietary facilitation account may be liquidated in accordance with this provision.

The second exempted activity relates to a member or member organization effecting one or more transactions for the purpose of facilitating or hedging the grant of a stop for 10,000 shares or more to the customer, or facilitating or hedging one or more principal transactions of 10,000 shares or more in the aggregate with the customer. The third exempted activity relates to a member or member organization trading for its own proprietary account and for

the account(s) of one or more customers in an agreed-upon strategy or course of trading, such as bona fide arbitrage or risk arbitrage. A member organization that seeks to rely on the exclusion in paragraph (b)(3) may do so only if the member organization reasonably believes that the customer, alone or together with an investment representative, understands the nature of the transaction with respect to which he or she is giving consent. In addition, the reference to bona fide arbitrage and risk arbitrage in paragraph (b)(3) is intended to be illustrative and not exclusive.

Paragraph (c) provides an unqualified exemption for transactions by a member or member organization acting in the capacity of: (A) a market maker pursuant to Rule 19c-3 of the Commission in a security traded on the Exchange; or (B) a specialist or market maker on a national securities exchange. The Exchange notes that Phlx specialists and alternate specialists would be exempt from the prohibitions of the Rule pursuant to this provision.

Supplementary Material sections .01 and .02 are proposed to be adopted. Supplementary Material .01 states that a member or employee of a member organization responsible for entering proprietary orders shall be presumed to have knowledge of a particular customer order unless the member organization has implemented a reasonable system of internal policies and procedures to prevent the misuse of information about customer orders by those responsible for entering such proprietary orders.

Supplementary Material .02 provides that the Rule applies to a member on the Floor who may not execute a proprietary order at the same price, or at a better price, as an unexecuted customer order that he or she is representing, except to the extent that the member organization itself could do so under this Rule.

The Exchange notes that Supplementary Material .03 contains the current version of Supplementary Material .01, relating to a commitment to trade through the Intermarket Trading System ("ITS"), which is deemed to be initiating a purchase or sale of a security on the Exchange as referred to in this Rule.

The proposal will take effect upon notice to the membership. The text of the proposed rule change is as follows [new text is italicized; deleted text is bracketed]:

Rule 452. (a) *Except as provided in this Rule, n[N]o member or member organization shall cause the entry of an order to buy (sell) [(1) personally buy or initiate the purchase of] any security on the Exchange for any*

*account in which such member or member organization or approved person thereof is directly or indirectly interested (a "proprietary order"), if the person responsible for the entry of such order has knowledge of any particular unexecuted customer's order to buy (sell) such security which could be executed at the same price.*

[His account or for any account in which he, or the firm of which he is partner or any partner of such firm, is directly or indirectly interested, while such member personally holds or has knowledge that his firm or any partner thereof holds an unexecuted market order to buy such security in the unit of trading for a customer, or (2) personally sell or initiate the sale of any security on the Exchange for any such account, while he personally holds or has knowledge that his firm or any partner thereof holds an unexecuted market order to sell such security in the unit of trading for a customer.]

(b) *A member or member organization may enter a proprietary order if the customer has given express permission, agreeing and understanding the method of allocating executions, including the prices and sizes, with respect to the following trading strategies:*

(1) *The member or member organization is liquidating a position held in a proprietary facilitation account, and the customer's order is for 10,000 shares or more.*

*The term "proprietary facilitation account" shall mean an account in which a member organization has a direct interest and which is used to record transactions whereby the member organization acquires positions in the course of facilitating customer orders. Only those positions which are recorded in a proprietary facilitation account may be liquidated as provided herein;*

(2) *The member or member organization is effecting one or more transactions for the purpose of facilitating or hedging the grant of a stop for 10,000 shares or more to the customer or facilitating or hedging one or more principal transactions of 10,000 shares or more in the aggregate with the customer; or*

(3) *The member or member organization is trading for its own proprietary account and for the account(s) of one or more customers in an agreed-upon strategy or course of trading, such as bona fide arbitrage or risk arbitrage. A member organization that seeks to rely on this exemption may do so only if the member organization reasonably believes that the customer, alone or together with an investment representative, understands the nature of the transaction with respect to which he or she is giving consent. The reference to bona fide arbitrage and risk arbitrage is intended to be illustrative and not exclusive.*

[No member shall (1) personally buy or initiate the purchase of any security on the Exchange for any such account, at or below the price at which he personally holds or has knowledge that his firm or any partner thereof holds an unexecuted limited price order to buy such security in the unit of trading for a customer, or (2) personally sell or initiate the sale of any security on the Exchange for any such account at or above the price at which he personally holds or has

knowledge that his firm or any partner thereof holds an unexecuted limited price order to sell such security in the unit of trading for a customer.]

[Exceptions]

(c) The provisions of this Rule shall not apply to:

(1) [To] any purchase or sale of any security in an amount of less than the unit of trading made by an odd-lot dealer to offset odd-lot orders of customers [, or];

(2) [To] any purchase or sale of any security, delivery which is to be upon a day other than the day of delivery provided in such unexecuted market or limited price order [.,]; or

(3) transactions by a member or member organization acting in the capacity of:

(A) A market maker pursuant to Regulation 240.19c-3 of the Securities and Exchange Commission in a security traded on the Exchange; or

(B) A specialist or market maker on a national securities exchange.

#### Supplementary Material

.01 A member or employee of a member organization responsible for entering proprietary orders shall be presumed to have knowledge of a particular customer order unless the member organization has implemented a reasonable system of internal policies and procedures to prevent the misuse of information about customer orders by those responsible for entering such proprietary orders.

.02 This Rule shall also apply to a member organization's member on the Floor who may not execute a proprietary order at the same price, or at a better price, as an unexecuted customer order that he or she is representing, except to the extent that the member organization itself could do so under this Rule.

.03 A member who issues a commitment to trade from the Exchange through ITS or any other Application of the System shall, as a consequence thereof, be deemed to be initiating a purchase or sale of a security on the Exchange as referred to in this Rule.

## 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 self-regulatory organization 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 self-regulatory organization 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

#### 1. Purpose

In 1994, the NYSE filed a proposed rule change with the Commission to amend NYSE Rule 92 to: (1) extend the prohibition against trading along with customers to member organizations and NYSE member trading on other market centers; and (2) exempt the liquidation of block facilitation positions in NYSE securities, subject to specified conditions. Following publication of the proposal for notice and comment,<sup>1</sup> the Phlx, as well as other commenters, sought clarification of the reach of the proposal.<sup>2</sup> The Exchange commented that a significant burden on competition would result due to the impact on regional trading operations.<sup>3</sup>

Thereafter, the NYSE filed Amendment No. 2 to their proposal on July 13, 1995, specifically excluding: (1) securities not listed on the NYSE; (2) transactions by Rule 19c-3 market makers, and regional specialists if the principal trade is liquidated immediately at the same price to a customer on that exchange; and (3) certain bona fide or risk arbitrage transactions.<sup>4</sup> In response, the Exchange commented that the exemption for regional specialists should be unqualified, similar to the exemption for Rule 19c-3 market makers.<sup>5</sup> The Exchange further explained how the restrictions on specialist trades would be unduly disruptive to regional exchange market operations, and questioned the application of a NYSE rule to Phlx members affiliated with NYSE member organizations where there is no connection to NYSE floor trading.<sup>6</sup>

Recently, the NYSE filed Amendment No. 3 to the proposal, exempting without qualification regional exchange specialists and market makers from the provisions of the rule when acting as such on that exchange, deleting the limitation that the principal trade must

be liquidated immediately at the same price to a customer on that exchange.<sup>7</sup> To date, the proposed amendments to NYSE Rule 92 continue to extend the rule to transactions on other market centers. The Phlx has commented adversely on this aspect of the amendments.<sup>8</sup>

At this time, the Exchange is adopting its own rule amendments governing the restricted activities and exempting certain transactions, which would otherwise have been governed by the NYSE rule, noting that the Rule 92 exemptions are limited to NYSE transactions. The Phlx's proposal at hand is conditioned upon the NYSE amending its proposal to delete application to other market centers. In this regard, the Phlx does not intend to take any disciplinary action against Phlx members or member organizations for violation of the Phlx rule for engaging in trading on another market center that is consistent with the rules of such market center. Moreover, although many Phlx member organizations also trade on other exchanges, the Exchange does not profess that its Rule 452 should extend to those transactions in view of Commission policy against the application of exchange rules to trading on another market center.<sup>9</sup>

In light of the conduct restricted and exemptions contained in the NYSE's proposal, the Exchange reviewed its own comparable rule, noting that currently, Phlx Rule 452 is divided into three paragraphs, with paragraph (a) prohibiting trading for a member's own account if the member's firm has an unexecuted market order on the same side of the market in that security; paragraph (b) containing the same prohibition for limit orders at that price or better; and paragraph (c) exempting odd-lot orders and transactions other than regular way.

In conjunction with the expected amendment to the NYSE's proposal limiting its application to NYSE members' and member organizations' transactions on the NYSE floor, the Phlx is proposing to amend its own rule to adopt similar exceptions to permit certain types of proprietary trading activity that the Phlx believes is consistent with the purposes of Phlx Rule 452 and the analogous NYSE Rule 92. Phlx Rule 452, as well as the

<sup>1</sup> Securities Exchange Act Release No. 35139 (Dec. 22, 1994), 60 FR 156 (SR-NYSE-94-34).

<sup>2</sup> See letter from William W. Uchimoto, General Counsel, Phlx, to Margaret H. McFarland, Deputy Secretary, Commission, dated February 15, 1995.

<sup>3</sup> See letter from William W. Uchimoto, General Counsel, Phlx, to Margaret H. McFarland, Deputy Secretary, Commission, dated April 4, 1995.

<sup>4</sup> Securities Exchange Act Release No. 36015 (July 21, 1995), 60 FR 38875 (Notice of Filing of Amendment No. 2 to SR-NYSE-94-34).

<sup>5</sup> See letter from William W. Uchimoto, General Counsel, Phlx, to Margaret H. McFarland, Deputy Secretary, Commission, dated August 11, 1995.

<sup>6</sup> See letter from William W. Uchimoto, General Counsel, Phlx, to Margaret H. McFarland, Deputy Secretary, Commission, dated October 27, 1995.

<sup>7</sup> Securities Exchange Act Release No. 37428 (July 11, 1996) (notice of Filing of Amendment No. 3 to SR-NYSE-94-34).

<sup>8</sup> See letter from Michele R. Weisbaum, Associate General Counsel, Phlx, to Margaret H. McFarland, Deputy Secretary, Commission, dated August 8, 1996.

<sup>9</sup> Securities Exchange Act Release No. 12249 (Mar. 23, 1976).

comparable rules of other exchanges, was intended to prevent members from taking advantage of their customers. Although customer protection is of paramount importance in furthering the purposes of the Act, fulfilling the self-regulatory mission and promoting an auction marketplace, the Exchange recognizes that it should not impair the business of trading by drafting away a customer's ability to enter into voluntary and consensual agreements with a member or member organization.

At this time, the Exchange proposes to adopt three exemptions in paragraph (b) requiring customer disclosure and consent: (1) liquidating block facilitation positions, (2) facilitating or hedging the grant of a stop in connection with executing a customer block order, and (3) any other consensual transactions agreed upon with the customer, including bona fide and risk arbitrage. All three exemptions are predicated upon the customer giving express permission for the firm to trade along with that customer. The express permission must also include the method of allocating executions, such as the prices and sizes of execution reports. The Exchange believes that these three transactions reflect the reality of today's trading environment, balanced against the need to preserve agency principles and promote customer protection by requiring the consent of the customer. Moreover, the Exchange believes that its proposal recognizes that informed consent, which reflects the true objectives of the customer, should prevail over arbitrary prohibitions. The Exchange believes that the enumerated exemptions are crafted to be consistent with a member's fiduciary relationship with its customer. For the purposes of Rule 452, the Exchange does not believe that informed consent can only be given by certain types of customers, nor should the exemption be premised on sophistication or wealth. In fact, the exemptions involving block orders by virtue of their size create a wealth standard. The Exchange believes that consensual arrangements should be available for all informed investors.

The first two consent-based exemptions codify current block trade practices, which the Exchange has included, because they are a universally accepted and common type of trading activity involving trading along with a customer. Block facilitation business, where positioning firms facilitate their institutional customers, by definition, involve customer disclosure and consent. The exemption in paragraph (b)(2) is designed to apply where a member organization may need to effect

certain proprietary transactions in advance of trading with or stopping a customer block-sized order, in anticipation of accepting such market risk. Thus, this exemption goes beyond mere liquidation, as contemplated by the paragraph (b)(1) exemption, by permitting proprietary transactions to, for example, hedge or facilitate the execution of the block order.

The third exemption covers other transactions agreed upon by the customer, predicated upon consent. Recognizing the importance of informed consent, this provision specifically requires that the member organization reasonably believe that the customer, alone or together with an investment representative, understands the nature of the transactions with respect to which consent is given. For example, a customer may consent to a transaction subject to Rule 452 to adjust the risk allocation with a member organization, thus achieving certain economic objectives without resorting to off-exchange or other venues.

Bona fide and risk arbitrage are examples of strategies covered by the third exemption, where customers desire to trade along with the member in a potentially lucrative trading strategy. These specific strategies, however, are listed as nonexclusive examples. Because arbitrage strategies are listed as an example, Rule 452 does not purport to define these strategies nor list all other strategies covered by this exemption. The Exchange anticipates that other strategies will fall under this exemption. The Exchange believes that it is inefficient and ineffective to list every possible type of trading strategy that could be exempt, because trading strategies are constantly evolving in response to market conditions, constantly honed to specific economic circumstances. Because the premise behind exempting any such strategy that may evolve is that customer consent to trade with the customer is given, the Exchange believes that its third exemption is appropriate and would facilitate other shared trading arrangements that customers may require in the future.

The strategies proposed to be exempted involve the allocation of risk between firms and their customers. Because of the shared risk and the informed consent involved, these types of transactions have historically been viewed as integrally related to the customers' own trading objectives, which need not be disclosed generally to the market. Nevertheless, in relying upon the exemptive provisions of Rule 452, members and member organizations must be mindful of

potential front-running situations; if they take advantage of their knowledge of customer trading objectives outside of efforts to facilitate customer trading objectives outside of efforts to facilitate customer trades, such member or member organization trading may violate Phlx Rule 707, Just and Equitable Principles of Trade. Of course, in crafting the proposed exemptions to Rule 452, the Exchange does not endeavor to exempt certain activity from existing front-running proscriptions.

The Exchange also proposes to exempt two types of market making activity: specialists and market makers on a national securities exchange as well as upstairs market makers acting as such pursuant to SEC Rule 19c-3. These market makers are proposed to be exempted because they foster depth and liquidity in the marketplace, and, at least with respect to specialists and market makers on a national securities exchange, are extensively monitored and subject to affirmative and negative obligations imposed by the various exchanges. Thus, such market makers are integral to the auction market.

The burden of proof to demonstrate that customer consent was obtained and the conditions of each exemption were met falls upon the member or member organization relying on the respective exemptive provision. The Exchange expects that internal procedures be adopted to assure compliance with the exemptive provisions.

With respect to the prohibitions of Rule 452, the Exchange proposes to extend such to member organizations in order to capture trading within a Phlx member organization, without limitation to the floor members involved.<sup>10</sup> Thus, whenever a member organization is representing an agency order, its own proprietary trading could be restricted. In this regard, new Supplementary Material .01 acknowledges that the agency order could be held in a different organizational component than the proprietary order such that a reasonable system of internal policies and procedures to prevent the misuse of customer information operates to dispel the presumption of knowledge by all employees of the member organization. Where such a system is in place, if an employee did not in fact know of the customer's order, then no violation occurred. The Exchange notes that a member organization would implement

<sup>10</sup> The Exchange notes that adding "member organization" to Rule 452 does not suggest that other Phlx rules do not apply to Phlx member organizations, but that the Exchange is intending to parallel the language of NYSE Rule 92 to prevent confusion.

information barriers appropriate to its business activity in accordance with this provision, taking into account that organization's supervisory/staffing structure and business operations, as well as the scope and nature of its business. The Exchange also notes that the prohibitions of Rule 452 apply once customer "orders" exist, such that proprietary trading is not impacted until customer interest takes the form of an order.

2. Statutory Basis

The proposed rule change is consistent with Section 6 of the Act in general, and in particular, with Section 6(b)(5), in that it is designed to promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, as well as to protect investors and the public interest by preserving the customer protection principle that members and member organizations should place a customer's interests ahead of the firm's, yet facilitating consensual arrangements with customers demanded by the evolving marketplace. Permitting certain proprietary trading coincident with customer trading, with a customer's consent, should contribute to the depth and liquidity of the marketplace, which should also be fostered by exempting specialist and market making activity.

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

The Exchange 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

Within 35 days of the publication of this notice in the Federal Register or within such other 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 the 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 at the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-Phlx-96-37 and should be submitted by September 30, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.  
 Margaret H. McFarland,  
*Deputy Secretary.*  
 [FR Doc. 96-22936 Filed 9-6-96; 8:45 am]  
 BILLING CODE 8010-01-M

**SMALL BUSINESS ADMINISTRATION**

**[Declaration of Disaster Loan Area #2893]**

**New York; Declaration of Disaster Loan Area**

Queens County and the contiguous counties of Bronx, Kings, Nassau, and New York in the State of New York constitute a disaster area as a result of damages caused by flooding which occurred on July 31, 1996. Applications for loans for physical damages may be filed until the close of business on October 28, 1996 and for economic injury until the close of business on May 29, 1997 at the address listed below: U.S. Small Business Administration, Disaster Area 1 Office, 360 Rainbow Boulevard South, 3rd Floor, Niagara Falls, New York 14303, or other locally announced locations.

The interest rates are:

	Percent
For physical damage:	
Homeowners with credit available elsewhere .....	8.000

	Percent
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 289306 and for economic injury the number is 917000.

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

Date: August 29, 1996.  
 John T. Spotila,  
*Acting Administrator.*  
 [FR Doc. 96-22898 Filed 9-6-96; 8:45 am]  
 BILLING CODE 8025-01-P

**[Declaration of Disaster Loan Area #2891]**

**Tennessee; (and Contiguous Counties in Georgia); Declaration of Disaster Loan Area**

Hamilton County and the contiguous counties of Bledsoe, Bradley, Marion, Rhea, and Sequatchie in the State of Tennessee, and Catoosa, Dade, Walker, and Whitfield Counties in the State of Georgia constitute a disaster area as a result of damages caused by severe storms and flooding which occurred on August 11, 1996. Applications for loans for physical damage as a result of this disaster may be filed until the close of business on October 28, 1996 and for economic injury until the close of business on May 29, 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