

governing member trading.⁸ The "daylight" trading requirements of the PHLX serve no current purposes other than to force PHLX members to meet intra-day trading requirements on transactions which were not specifically exempted by the obsolete rule. In addition, because other major exchanges do not have these intra-day requirements, the PHLX has been placed at a competitive disadvantage. Members are forced to actively manage non-exempted transactions on an intra-day basis in order to maintain compliance with the rule, while other exchanges' margining and capital requirements are only imposed at the end of the business day. Furthermore, the proposed day trading and free riding provisions provide additional protection in the market where it is most needed. Accordingly, the PHLX rules should be brought into harmony with the other exchanges so as to relieve these competitive disadvantages.

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, the requirements of Section 6(b)(5).⁹ The proposed rule change is designed to remove impediments to and perfect the mechanism of a national market system and to protect investors and the public interest. The Commission believes that the proposed amendments to the equity margin rules will result in the harmonization of the PHLX's equity margin rules with those of other SROs.

Specifically, the Commission finds appropriate the proposal to amend Rule 721 to provide for initial customer margin requirements that are identical to the initial customer equity margin requirements of the NYSE, the AMEX, and the PSE. The rule will require that a customer must deposit at least the greater of the amount specified by Regulation T or \$2,000 equity, except that cash need not be deposited in excess of any security purchased.

The Commission also finds appropriate the PHLX proposal to amend Rule 722 to parallel the NYSE margin rule, to provide for good faith margin in instances where a member organization carries the proprietary account of another broker-dealer in compliance with the requirements of Regulation T. The PHLX rule will

further provide that the member organization may not carry the account in a deficit position and must deduct from its own net capital the difference between the margin required by other sections of this rule and the equity on deposit.

Rule 723 will be restated to require a customer to have sufficient equity to meet the margin required on either the long or short transaction, whichever occurred first on an intra-day basis. In addition, a prohibition against free riding in a customer's cash account has been included in order to preclude a customer from making a practice of paying for a security by selling the same security on an intra-day basis. The Commission finds these proposals appropriate in light of their consistency with the rules of other SROs.¹⁰ The Commission believes that it is appropriate for the PHLX to completely restate Rule 723 to eliminate intra-day margin requirements governing member trading, consistent with the requirements of other SROs. The restatement of the rule also is appropriate in light of the fact that other provisions of the pre-amendment version of Rule 723 are now governed by other PHLX rules.¹¹

The Commission finds that these amendments will enhance financial protections and, as a result, enhance the integrity of the Exchange's markets by ensuring that members and customers maintain adequate margin reserves. Because the amendments result in PHLX equity margin rules that are identical to those of other SROs, they do not raise new regulatory concerns.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹² that the proposed rule change (File No. SR-PHLX-96-40) 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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SMALL BUSINESS ADMINISTRATION

Data Collection Available for Public Comments and Recommendations

ACTION: Notice and request for comments.

¹⁰ *Surpa* note 7.

¹¹ *Surpa* note 5 and accompanying text.

¹² 15 U.S.C. 78s(b)(2).

¹³ 17 CFR 200.30-3(a)(12).

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, this notice announces the Small Business Administration's intentions to request approval on a new, and/or currently approved information collection.

DATES: Comments should be submitted on or before March 18, 1997.

FOR FURTHER INFORMATION CONTACT: Curtis B. Rich, Management Analyst, Small Business Administration, 409 3rd Street, S. W., Suite 5000, Washington, D.C. 20416. Phone Number: 202-205-6629.

SUPPLEMENTARY INFORMATION:

Title: "Small Business and Agriculture Regulatory Enforcement Ombudsman".

Type of Request: New.

Form No.: SBA Form 1993.

Description of Respondents: Small Business Owners and Farmers.

Annual Responses: 1000.

Annual Burden: 500.

Comments: Send all comments regarding this information collection to Dorothy Overal, Office of Field Operations, Small Business Administration, 409 3rd Street, S. W., Suite 7125 Washington, D.C. 20416. Phone No.: 202-205-6808.

Send comments regarding whether this information collection is necessary for the proper performance of the function of the agency, accuracy of burden estimate, in addition to ways to minimize this estimate, and ways to enhance the quality.

Jacqueline White,

Chief, Administrative Information Branch.

[FR Doc. 97-1196 Filed 1-16-97; 8:45 am]

BILLING CODE 8025-01-P

[Declaration of Disaster Loan Area #2926]

California; Declaration of Disaster Loan Area

Humboldt County and the contiguous counties of Del Norte, Mendocino, Siskiyou, and Trinity in the State of California constitute a disaster area as a result of damages caused by severe storms and flooding which occurred December 7-9, 1996. Applications for loans for physical damage as a result of this disaster may be filed until the close of business on March 14, 1997 and for economic injury until the close of business on October 14, 1997 at the address listed below: U.S. Small Business Administration, Disaster Area 4 Office, 1825 Bell Street, Suite 208, Sacramento, CA 95825, or other locally announced locations.

The interest rates are:

⁸ The NYSE, AMEX and the PSE do not have intra-day margining requirements for members. The NYSE does however, have intra-day margining requirements for customers.

⁹ 15 U.S.C. § 78f(b)(5).