

the participant as pledgee or pursuant to financing arrangements; and various seg and hold-in-custody accounts associated with the proprietary and agency accounts for purposes of segregation.

Each proprietary account, agency account, and pledgee account has a cash balance associated with it against which credits and debits are posted, including amounts owing with respect to securities delivered versus payment intraday to the transfer account associated with the account. Each cash balance is either a credit balance or debit balance depending on whether the participant is in a net funds credit position or debit position with respect to the applicable account to which the cash balance relates at the time the determination is made.

PTC restricts the net debit amount each participant may owe PTC by imposing a net debit cap by means of a Net Debit Monitoring Level ("NDML").³ A participant's NDML is compared to the total of the net cash balances in its proprietary accounts, agency accounts, and pledgee accounts. PTC will not process a transaction that will result in a net debit balance that exceeds a participant's NDML. If a participant is at its NDML limit, it must take steps to reduce the net debit balance. The ability to apply a defaulting participant's proprietary, agency, and pledgee credit balances against its unpaid settlement obligations is implicit in the NDML structure to assure that the failure of a single participant is covered by PTC's committed line of credit for settlement.

PTC's rules however are silent on the application of pledgee and agency credit balances in the event a participant does not make complete payment of all account obligations at settlement. In addition, PTC's "default rule" states that PTC will set-off any credit balance in a proprietary account of a defaulting participant against an unpaid debit balance in another account. This rule does not make reference to PTC's right to set-off against agency and pledgee credit balances of a defaulting participant.

The proposed rule change clarifies that upon a participant's default in payment of a debit balance PTC is authorized to apply any credit balances in the participant's proprietary accounts, pledgee accounts, and agency accounts to reduce any unpaid obligations of the participant. The proposed rule change also will extend PTC's right of set-off in the event of a participant's default to include any

agency seg credit balances of the defaulting participant.

II. Discussion

Section 17A(b)(3)(F)⁴ of the Act requires that the rules of a clearing agency be designed to assure the safeguarding of securities and funds in the custody or control of the clearing agency or for which it is responsible. As discussed below, the Commission believes that PTC's rule change is consistent with this obligation under the Act.

One of the principal risks to PTC and its participants is that a participant will not pay its net debit balance and will cause PTC or its participants to incur substantial losses. Default by one or more participants with a large net debit balance relative to PTC's committed lines of credit would strain PTC's ability to meet its settlement obligations on the day of default.

As previously discussed, the proposed rule change clarifies PTC's right to apply any credit balances in the participant's proprietary accounts, pledgee accounts, and agency accounts to reduce the unpaid obligation of the participant upon the participant's default, modifies the NDML calculation to include agency seg credit balances, and authorizes PTC to set-off against agency seg credit balances in the event a participant defaults in the payment of its debit balances.

The Commission believes that clarifying and extending PTC's right of set-off upon the default of a participant reduces the risks to PTC and its participants. PTC's set-off and NDML procedures are designed to safeguard PTC and its participants against the risk of participant default and provide PTC with sufficient liquidity to complete settlement in the event of a participant default. PTC's NDML also assures PTC and its participants that one or more participants will not accumulate an intraday net debit so large as to compromise the integrity of PTC's system. The proposed rule change should not only better enable PTC to fulfill its safeguarding obligations under the Act but should benefit participants by including agency seg credit balances in the NDML calculation which will allow participants to have the benefit of these credits in the calculation of their net obligation to PTC.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in

particular with the requirements of Section 17A of the Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-PTC-96-07) be, and hereby is, approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority,⁵

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-3478 Filed 2-11-97; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-38247; File No. SR-Phlx-97-05]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc., To Reduce the Value of the Super Cap Index

February 5, 1997.

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 January 9, 1997, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("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 Exchange proposes to reduce the value of its Super Cap Index ("Index") option ("HFX") to one-half its present value by doubling the divisor used in calculating the Index. The Index is comprised of the top five options-eligible common stocks of U.S. companies traded on the New York Stock Exchange, as measured by capitalization. The other contract specifications for the HFX will remain unchanged.

The text of the proposed rule change is available at the Office of the Secretary, Phlx and at the Commission.

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 Phlx included statements concerning

³The maximum NDML for any participant is the amount of PTC's committed line of credit for settlement, which is currently \$2 billion.

⁴ 15 U.S.C. 78q-1(b)(3)(F).

⁵ 17 CFR 200.30-3(a)(12).

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 Phlx 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

The Exchange began trading the HFX in November, 1995.¹ The Index value was created with a value of 350 on its base date of May 31, 1995 and has risen to 540 on January 29, 1997. Thus, the value of the Index has increased 54% since it was first created.² Consequently, the premium for HFX options has also risen. In May, 1996, the Exchange filed a proposed rule change to reduce the value of the Index by one-third; although this proposal was approved by the Commission, operational limitations prevented its implementation.³ Thus, the Index has never been split.

As a result, the Exchange proposes to conduct a "two-for-one split" of the Index, such that the value would be reduced to one-half of its present value. In order to account for the split, the number of HFX contracts will be doubled, such that for each HFX contract currently held, the holder would receive two contracts at the reduced value, with a strike price one-half of the original strike price. For instance, the holder of a HFX 540 call will receive two HFX 270 calls. In addition to the strike price being reduced by one-half, the position and exercise limits applicable to the HFX will be doubled, from 5,500 contracts⁴ to 11,000 contracts, for a six month period after the split is effectuated.⁵ This procedure is similar to the one employed respecting equity options where the underlying security is subject to a two-for-one stock split, as well as

previous reductions in the value of other Phlx indexes.⁶ The trading symbol will remain HFX.

In conjunction with the split, the Exchange will list strike prices surrounding the new, lower index value, pursuant to Phlx Rule 1101A.⁷ The Exchange will announce the effective date by way of an Exchange memorandum to the membership, also serving as notice of the strike price and position limit changes.⁸

The purpose of the proposal is to attract additional liquidity to the product in those series that public customers are most interested in trading. For example, a near-term, at-the-money call option series currently trades at approximately \$2,125 per contract.⁹ The Exchange believes that certain investors and traders currently may be impeded from trading at such levels. With the Index split, that same option series (once adjusted), with all else remaining equal, could trade at approximately \$1,062 per contract. The Phlx believes that a reduced premium value should encourage additional investor interest.

The Exchange believes that Super Cap Index options provide an important opportunity for investors to hedge and speculate upon the market risk associated with the underlying stocks. By reducing the value of the Index, such investors will be able to utilize this trading vehicle, while extending a smaller outlay of capital. This, in turn, should attract additional investors and create a more active and liquid trading environment.

The Exchange believes that 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, as well as to protect investors and the public interest, by establishing a lower index value, which should, in turn, facilitate trading in Super Cap Index options. The Exchange believes that reducing the value of the Index does not raise

manipulation concerns and would not cause adverse market impact, because the Exchange will continue to employ its surveillance procedures and has proposed an orderly procedure to achieve the index split.

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

The Exchange believes the proposed rule change will impose no inappropriate burden on competition.

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

Within 35 days of the publication of this notice in the Federal Register or within such longer 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 Phlx. All submissions should refer to File No. SR-Phlx-97-05 and should be submitted by [insert date 21 days from date of publication].

¹ See Securities Exchange Act Release No. 36369 (October 13, 1995), 60 FR 54274 (October 20, 1995).

² See letter from Theresa A. McCloskey, Vice President, Regulatory Services, Phlx, to James T. McHale, Attorney, Office of Market Supervision, Division of Market Regulation, Commission, dated January 31, 1997 ("Phlx letter").

³ See Securities Exchange Act Release No. 37536 (August 7, 1996) (SR-Phlx-96-17). The Options Clearing Corporation was not able to accept certain strike prices resulting from a three-for-one split, because dividing certain strike prices by three resulted in a strike price with too many decimal places. This operational limitation does not arise in a two-for-one split.

⁴ See Phlx Rule 1001A(c).

⁵ After this six month period, the position and exercise limits will return to the current level of 5,500 contracts.

⁶ See Securities Exchange Act Release Nos. 36577 (December 12, 1995), 60 FR 65705 (December 20, 1995) (reducing the value of the Phlx National Over-the-Counter Index); and 35999 (July 20, 1995), 60 FR 38387 (July 26, 1995) (reducing the value of the Phlx Semiconductor Index).

⁷ Specifically, because the Index value would be less than 500, the applicable strike price interval would be \$5 in the first four months and \$25 in the fifth month. See Rule 1101A(a).

⁸ The Exchange will issue more than one memorandum, including one naming the effective date of the split and the specific strike prices for the new, split option.

⁹ With the Index at 540, a February 540 call on January 29, 1997 was priced at approximately 21¹/₄, multiplied by 100=\$2125. See Phlx letter, *supra* note 2.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-3477 Filed 2-11-97; 8:45 am]

BILLING CODE 8010-01-M

SOCIAL SECURITY ADMINISTRATION

Agency Information Collection Activities: Request for Emergency Review by the Office of Management and Budget

The Social Security Administration publishes a list of information collection packages that will require clearance by OMB in compliance with P.L. 104-13 effective October 1, 1995, The Paperwork Reduction Act of 1995. The information collection listed below has been submitted to OMB for emergency clearance. OMB approval has been requested by February 7, 1997:

0960-NEW. The information collected on form SSA-538 will be used by SSA and the State Disability Determination Services (DDS) to record medical and functional findings concerning the severity of impairments of children claiming SSA benefits based on disability. The form will be used for initial determinations of eligibility, in appeals and in initial continuing disability reviews. The respondents are State DDS offices.

Number of Respondents: 1,066,000.

Frequency of Response: 1.

Average Burden Per Response: 20 minutes.

Estimated Annual Burden: 355,333 hours.

To receive a copy of the form or clearance packages, call the SSA Reports Clearance Officer on (410) 965-4125 or write to her at the address listed below. Written comments and recommendations regarding the information collection(s) should be directed to the OMB Desk Officer and SSA Reports Clearance Officer at the following addresses:

(OMB), Office of Management and Budget, OIRA, Attn: Laura Oliven, New Executive Office Building, Room 10230, 725 17th St., NW, Washington, D.C. 20503

(SSA), Social Security Administration, DCFAM, Attn: Judith T. Hasche, 6401 Security Blvd, 1-A-21 Operations Bldg., Baltimore, MD 21235

Dated: February 5, 1997.

Frederick W. Brickenkamp,

Team Leader, FMRCT, Social Security Administration.

[FR Doc. 97-3343 Filed 2-11-97; 8:45 am]

BILLING CODE 4190-29-P

Supplementary Agreement on Social Security Between the United States and Austria; Entry Into Force

The Commissioner of Social Security gives notice that a supplementary agreement entered into force on January 1, 1997, which amends the Social Security agreement between the United States (U.S.) and Austria that has been in effect since November 1, 1991. The supplementary agreement, which was signed on October 5, 1995, was concluded pursuant to section 233 of the Social Security Act.

The supplementary agreement amends the original agreement to update and clarify several of its provisions. The most important of these amendments introduces a new method of computing Austrian benefits under the agreement. The new computation method replaces a provision in the original agreement that would have resulted in reduced Austrian Social Security benefits for certain individuals who have divided their careers between the U.S. and Austria. This reduction provision was scheduled to take effect on November 1, 1996 (5 years after the effective date of the original agreement) but, as a result of the supplementary agreement, it will not be implemented.

Individuals who wish to obtain copies of the supplementary agreement or want general information about its provisions may write to the Social Security Administration, Office of International Policy, Post Office Box 17741, Baltimore, Maryland 21235. Individuals who wish to obtain information about how the new computation method will affect their Austrian benefits should write to the Main Association of Austrian Social Insurance Agencies (Hauptverband der Oesterreichischen Sozialversicherungstraeger), Kundmannngasse 21, 1030 Vienna, AUSTRIA.

Dated: February 3, 1997.

Shirley S. Chater,

Commissioner of Social Security.

[FR Doc. 97-3468 Filed 2-11-97; 8:45 am]

BILLING CODE 4890-29-P

DEPARTMENT OF TRANSPORTATION

Office of the Secretary

Application of Jim Air, Inc. for New Certificate Authority

AGENCY: Department of Transportation.

ACTION: Notice of order to show cause (Order 97-2-3), Dockets OST-96-1676.

SUMMARY: The Department of Transportation is directing all interested persons to show cause why it should not issue an order (1) finding Jim Air, Inc., fit, willing, and able, and (2) awarding it a certificate of public convenience and necessity to engage in interstate scheduled air transportation of persons, property, and mail.

DATES: Persons wishing to file objections should do so no later than 02-28-97.

ADDRESSES: Objections and answers to objections should be filed in Dockets OST-96-1676 and addressed to the Department of Transportation Dockets (SVC-120.30, Room PL-401), U.S. Department of Transportation, 400 Seventh Street, S.W., Washington, D.C. 20590 and should be served upon the parties listed in Attachment A to the order.

FOR FURTHER INFORMATION CONTACT: Mrs. Kathy Lusby Cooperstein, Air Carrier Fitness Division (X-56, Room 6401), U.S. Department of Transportation, 400 Seventh Street, S.W., Washington, D.C. 20590, (202) 366-2337.

Dated: February 7, 1997.

Charles A. Hunnicutt,

Assistant Secretary for International and Aviation Affairs.

[FR Doc. 97-3511 Filed 2-11-97; 8:45 am]

BILLING CODE 4910-62-P

White House Commission on Aviation Safety and Security; Open Meeting

AGENCY: Office of the Secretary, Department of Transportation.

ACTION: Notice of meeting.

SUMMARY: The White House Commission on Aviation Safety and Security will hold its final meeting to discuss aviation safety and security issues. Part of the meeting is open to the public and part is not. This meeting supplements the open meeting already announced for February 12, 1997 in the Commerce Department Auditorium.

DATES: The meeting will be held on Tuesday, February 11, 1997, from 9:00 AM to 5:00 PM.

ADDRESSES: The meeting will take place in the GSA Auditorium, 18th & F Streets, NW., Washington, DC.

⁹ 17 CFR 200.30-3(a)(12).