

requirements of Section 6(b).<sup>6</sup> Specifically, the Commission believes the proposal is consistent with the Section 6(b)(5)<sup>7</sup> requirements that the rules of an exchange be designated to promote just and equitable principles of trade, to facilitate transactions in securities, to prevent fraudulent and manipulative acts, and, in general, to protect investors and the public interest.<sup>8</sup>

The Commission believes it is appropriate to allow the temporary use of the ICE system value as the official index value when the designated reporting authority is experiencing operating difficulties. Utilizing the ICE system as a backup in such situations will add stability to the affected options market because it will ensure the continued availability of current index values, which are essential to investment decisions in index options, while the designated reporting authority identifies and corrects the problems prohibiting the dissemination of an accurate index value.

The Commission also believes it is appropriate to provide the Phlx with the option of designating the ICE system as the reporting authority for its proprietary index options as long as prior Commission approval pursuant to Section 19 of the Act is obtained. Permitting the Phlx to act as the reporting authority for its proprietary index options should benefit investors by reducing the response time needed in the event there is a problem disseminating index values. Moreover, the Phlx has represented that the ICE system has been tested fully and that this system is capable of handling the proposed tasks.<sup>9</sup>

The Commission finds good cause for approving Amendment No. 1 prior to the thirtieth day after the date of publication of notice thereof in the Federal Register. Amendment No. 1 simply clarifies that designation of ICE as the reporting authority must be filed pursuant to Section 19(b) of the Act, explains that the Phlx's request for using ICE as the reporting authority for

FLEX options will be proposed in the FLEX options proposal (SR-Phlx-96-38), and removes the previous request for interim authority to utilize ICE which was deemed to be unnecessary given the Exchange's ability to use ICE until a problem in the designated reporting authority has been corrected.<sup>10</sup>

Therefore, the Commission believes that granting accelerated approval to Amendment No. 1 is appropriate and consistent with Section 6 and Section 19(b)(2) of the Act.<sup>11</sup>

Interested persons are invited to submit written data, views and arguments concerning Amendment No. 1 to the proposed rule change. 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 rules change that are filed with the Commission, and all written communications relating to Amendment No. 1 between the Commission and any persons, 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 in the Commission's Public Reference Room. Copies of such filing will also be available at the principal office of the Phlx. All submissions should refer to File No. SR-Phlx-96-36 and should be submitted by March 17, 1997.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>12</sup> that the proposed rule change (SR-Phlx-96-36), as amended by Amendment No. 1, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>13</sup>

Margaret H. McFarland,

*Deputy Secretary.*

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<sup>10</sup> The proposal allows the Phlx to utilize the ICE system as the official reporting authority whenever the designated reporting authority is experiencing operating difficulties, but only until such difficulties are resolved. As soon as the problem is corrected, the Phlx must switch back to the designated reporting authority. If the reporting authority's problems occur on a regular basis, the Phlx can designate a different reporting authority, including ICE, by submitting a filing with the Commission pursuant to Section 19(b)(1) of the Act and Rule 19b-4 thereunder.

<sup>11</sup> 15 U.S.C. 78f, 78s(b)(2).

<sup>12</sup> 15 U.S.C. 78s(b)(2).

<sup>13</sup> 17 CFR 200.30-3(a)(12).

## **SMALL BUSINESS ADMINISTRATION**

**[Declaration of Economic Injury Disaster Loan Area Number 9378]**

### **North Dakota (And Contiguous Counties in Minnesota, South Dakota & Montana); Declaration of Disaster Loan Area**

All counties in the State of North Dakota except Billings, Bowman, Golden Valley, and Slope; Clay, Kittson, Marshall, Norman, Polk, Traverse, and Wilkin Counties in Minnesota; Brown, Campbell, Corson, Marshall, McPherson, Perkins, and Roberts Counties in South Dakota; and Richland, Roosevelt, and Sheridan Counties in Montana constitute an economic injury disaster loan area as a result of severe winter storms and blizzard conditions during the period of January 3 through January 31, 1997. Eligible small businesses without credit available elsewhere and small agricultural cooperatives without credit available elsewhere may file applications for economic injury assistance until the close of business on November 12, 1997 at the address listed below: U.S. Small Business Administration, Disaster Area 3 Office, 4400 Amon Carter Blvd., Suite 102, Fort Worth, TX 76155, or other locally announced locations. The interest rate for eligible small businesses and small agricultural cooperatives is 4 percent.

(Catalog of Federal Domestic Assistance Program No. 59002)

Dated: February 11, 1997.

Philip Lader,

*Administrator.*

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**[Declaration of Economic Injury Disaster Loan Area #9382]**

### **Commonwealth of Pennsylvania; Declaration of Disaster Loan Area**

Allegheny County and the contiguous counties of Armstrong, Beaver, Butler, Washington, and Westmoreland in the Commonwealth of Pennsylvania constitute an economic injury disaster loan area as a result of damages caused by a fire which occurred on January 31, 1997 in the Glassport Industrial Park. Eligible small businesses without credit available elsewhere and small agricultural cooperatives without credit available elsewhere may file applications for economic injury assistance until the close of business on November 14, 1997 at the address listed below: U.S. Small Business Administration, Disaster Area 1 Office,

<sup>6</sup> 15 U.S.C. 78f(b).

<sup>7</sup> 15 U.S.C. 78f(b)(5).

<sup>8</sup> In approving this rule, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>9</sup> See letter from Thomas A. Wittman, Vice President, Trading Systems Development, Phlx, to George Jenkins, Division of Market Regulation, SEC, dated November 20, 1996; telephone conversation between Thomas A. Wittman, Vice President, Trading Systems Development, Phlx, and Anthony P. Pecora, Attorney, Division of Market Regulation, SEC, November 22, 1996 (representing that ICE is capable of acting as a primary system despite the fact that it originally was designed as a backup system).