

equity options at 1:02 p.m. instead of the existing close of 1:10 p.m.

The Exchange also proposes to amend Rule 6.64, Commentary .01(b), regarding transactions which may be effected in a class of options after the close, to conform to the change to a 1:02 p.m. close. Finally, the Exchange proposes to amend Rule 7.15, which specifies a cut-off time of 1:20 p.m. or a time designated to be five minutes after the close for preparing or submitting either a memorandum to exercise or an "exercise advice" for the exercise of index option contracts. The Exchange proposes to eliminate the references to 1:20 p.m. so that under amended Rule 7.15 such memoranda and advices will have to be submitted no later than five minutes after the close of index option trading.<sup>6</sup>

### 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, Section 6(b)(5).<sup>7</sup> Section 6(b)(5) requires, among other things, that the rules of an exchange be designed to promote just and equitable principles of trade, perfect the mechanism of a free and open national market, and in general, to further investor protection and the public interest.

The Commission believes that it is reasonable for the Exchange to amend its rules to close trading in equity options at 1:02 p.m., versus the existing 1:10 p.m. close. Changing the closing time for these options to 1:02 p.m. preserves the Exchange's stated need to continue trading options for some period of time after the close of trading in the underlying securities. The Exchange has stated that this two minute extension from the close of the stock markets will allow options traders to respond to late reports of closing prices over the consolidated tape, thereby bringing options quotes into line with the closing price of the underlying security. Due to improvements in the processing and reporting of transactions, the Exchange believes that two minutes of options trading after the underlying equities close is sufficient to bring options quotes into line with the closing prices of the underlying securities.

As discussed in similar rule filings submitted to the Commission, the

Chicago Board Options Exchange, Inc. ("CBOE") and the American Stock Exchange, Inc. ("Amex") state that a number of issuers have adopted the practice of disseminating important corporate news after the close of trading on the primary equity exchange in order to minimize the short-term disruptive effect of the news on the market price of the stock by allowing investors the opportunity to digest the significance of the news after the markets have closed.<sup>8</sup> These announcements, if made while options markets are still trading, impact narrow-based index options, as well as equity options, because a significant news announcement on one component of a narrow-based index may have substantial impact on that index. As a result, the exchanges are often deluged with option orders as a result of such significant news announcements after 3:00 p.m. The exchanges state that these orders may have a disruptive effect on the options market at a time when the exchanges are attempting to close in a fair and orderly fashion.

Accordingly, the Commission finds that a closing time of 1:02 p.m. for equity options is a reasonable means to address the Exchange's desire to balance the need for some extended trading period with the need to prevent negative impact from issuers' major news announcements made while only the options markets remain open.

The Commission also finds that it is reasonable for the Exchange to amend Rule 7.15 to remove the reference to the closing time, and instead to specify that index option stock contract exercise notices must be given five minutes after the close of trading. Finally, the Commission finds it is reasonable for the Exchange to amend Rules 6.64, Commentary .01(b) and 7.15 to conform to the change to a 1:02 p.m. close.

It is contemplated that the Exchange will implement this rule change on or about June 23, 1997.<sup>9</sup>

### IV. Conclusion

For the reasons discussed above, the Commission finds that the proposal is consistent with the Act, and, in particular, Section 6 of the Act.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>10</sup> that the proposed rule change (SR-PSE-96-41) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>11</sup>

<sup>8</sup> See SR-CBOE-96-71 and SR-AMEX-96-45.

<sup>9</sup> Phone conversation between Michael Pearson, Exchange and Janice Mitnick, Commission, May 14, 1997.

<sup>10</sup> 15 U.S.C. § 78s(b)(2).

<sup>11</sup> 17 CFR 200.30-3(a)(12).

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## SELECTIVE SERVICE SYSTEM

### Form Submitted to the Office of Management and Budget for Extension of Clearance

The form described below has been modified and submitted to the Office of Management and Budget (OMB) for extension of clearance in compliance with the Paperwork Reduction Act (44 U.S.C. Chapter 35):

#### SSS Form 22

*Title:* Claim Documentation Form—Conscientious Objector.

*Purpose:* Is used to document a claim for classification as a conscientious objector.

*Respondents:* Registrants who claim to be conscientious objectors.

*Frequency:* One-time.

*Burden:* The reporting burden is one hour per individual.

Copies of the above identified form can be obtained upon written request to the Selective Service System, Reports Clearance Officer, Arlington, Virginia, 22209-2425.

Written comments and recommendations for the proposed extension of clearance of the form should be sent within 30 days of publication of this notice to the Selective Service System, Reports Clearance Officer, Arlington, Virginia, 22209-2425.

A copy of the comments should be sent to Office of Information and Regulatory Affairs, Attention: Desk Officer, Selective Service System, Office of Management and Budget, New Executive Office Building, Room 3235, Washington, D.C. 20435.

Dated: May 14, 1997.

**Gil Coronado,**

Director.

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## SELECTIVE SERVICE SYSTEM

### Privacy Act of 1974; Computer Matching Between the Selective Service System and the Department of Education

**AGENCY:** Selective Service System.

**ACTION:** Notice.

In accordance with the Privacy Act of 1974 (5 U.S.C. 552a), as amended by the Computer Matching and Privacy Protection Act of 1988 (Pub. L. 100-

<sup>6</sup> The Exchange is not proposing to change the related rule on equity options, Rule 6.24, which provides for an exercise cut-off time of 2:30 p.m.

<sup>7</sup> 15 U.S.C. § 78f(b)(5).