

I. Background

The NASD's short sale rule prohibits member firms from effecting short sales⁵ at or below the current inside bid as disseminated by Nasdaq whenever that bid is lower than the previous inside bid.⁶ The rule currently provides that a short sale is a "legal" short sale in a "down" bid situation if it is effected at a price at least $\frac{1}{16}$ th above the inside bid ("Minimum Increment Rule"). The Minimum Increment Rule was implemented to ensure that short sales were not effected at prices so close to the inside bid during down markets that the short sales were inconsistent with the underlying purposes of the short sale rule (*i.e.* to prohibit market destabilizing and abusive short sales in declining markets).

Now that all Nasdaq stocks can potentially trade with a $\frac{1}{16}$ th spread or less, due to, among other things, the new SEC Order Handling Rules, and in light of the movement toward smaller minimum quotation variations generally, consideration was given to modifying the Minimum Increment Rule for stocks with an inside spread less than $\frac{1}{16}$ th. Accordingly, the NASD is proposing an amendment to the Minimum Increment Rule to provide that a "legal" short sale must be effected at a price equal to or greater than the offer price when the inside spread is less than $\frac{1}{16}$ th. There would be no change to the current definition for stocks with a spread of $\frac{1}{16}$ th or greater.

October 1, 1997. Securities Exchange Act Release No. 37917 (November 1, 1996), 61 FR 57934 (November 8, 1996) [File No. SR-NASD-96-41]; See also Securities Exchange Act Release No. 36171 (August 30, 1995), 60 FR 46651 (September 7, 1995) [File No. SR-NASD-95-35]; Securities Exchange Act Release No. 37492 (July 29, 1996), 61 FR 40963 (August 5, 1996) [File No. SR-NASD-96-30]; Securities Exchange Act Release No. 37917 (November 1, 1996), 61 FR 57934 (November 8, 1996) (File No. SR-NASD-96-41). On August 8, 1997, the NASD submitted a proposed rule change (SR-NASD-97-58) to the Commission to implement the short sale rule on a permanent basis.

⁵ A short sale is a sale of a security which the seller does not own or any sale which is consummated by the delivery of a security borrowed by, or for the account of, the seller. To determine whether a sale is a short sale, members must adhere to the definition of a "short sale" contained in Securities Exchange Act Rule 3b-3, 17 CFR 240.3b-3, which rule is incorporated into Nasdaq's short sale rule as NASD Rule 3350(k)(l).

⁶ Nasdaq calculates the inside bid or best bid from all market makers in the security (including bids on behalf of exchanges trading Nasdaq securities on an unlisted trading privileges basis), and disseminates symbols to denote whether the current inside bid is an "up bid" or a "down bid." Specifically, an "up bid" is denoted by a green "up" arrow and a "down bid" is denoted by a red "down" arrow. Accordingly, absent an exemption from the rule, a member cannot effect a short sale at or below the inside bid for a security in its proprietary account or a customer's account if there is a red arrow next to the security's symbol on the screen.

For example, if the inside market for ABCD is $10\frac{1}{4}$ – $10\frac{5}{16}$, a legal short sale in a down market would have to be effected at a price equal to or greater than $10\frac{5}{16}$ (*i.e.*, $\frac{1}{16}$ th above the current inside bid). However, if the inside market is $5\frac{1}{32}$ – $5\frac{2}{32}$, a legal short sale in a down market could be effected at a price equal to the inside offer of $5\frac{2}{32}$.

In addition, to help ensure that market participants do not adjust their quotations to circumvent the short sale rule, the NASD is proposing an amendment to the Minimum Increment Rule to provide that a market maker or customer could not bring about or cause the inside spread for a stock to narrow in a declining market (*e.g.*, lowering its offer to create an inside spread less than $\frac{1}{16}$ th) for the purpose of facilitating the execution of a short sale at a price less than $\frac{1}{16}$ th above the inside bid.

Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

The Commission finds that temporary approval on an accelerated basis of the NASD's proposed rule change through January 15, 1998, is consistent with the Act and the rules and regulations promulgated thereunder. Specifically, the Commission finds that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act.⁷ Section 15A(b)(6) requires that the rules of a national securities association be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market. Given the Commission's temporary approval of the short sale rule, the Commission believes that the proposed rule change is a reasonable approach to preserve the short sale rule's underlying purpose and effect when the inside spread is less than $\frac{1}{16}$ th.

The Commission also finds good cause for approving on a temporary basis the proposed rule change prior to the 30th day after the date of publication of notice of filing thereof. The Commission believes that it is appropriate to accelerate temporary approval of the proposed rule change through January 15, 1998, because accelerated approval will allow NASD members, without delay, to effect "legal" short sales consistent with the

underlying purpose and effect of the NASD's short sale rule in situations where the inside spread is less than $\frac{1}{16}$ th, while the NASD and the Commission consider the effect of the short sale rule.

It is Therefore Ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change, SR-NASD-97-59 be, and hereby is, approved on a temporary basis through January 15, 1998.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁸

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-26357 Filed 10-3-97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39140; File No. SR-NASD-97-65]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the National Association of Securities Dealers, Inc. Extending the Pilot Program of the NASD's Short Sale Rule

September 26, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4² thereunder, notice is hereby given that on September 4, 1997, the National Association of Securities Dealers, Inc. ("NASD" or "Association") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the NASD. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and to grant accelerated approval of the proposed rule change.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The NASD is proposing to amend Rule 3350 to extend the pilot program of the NASD's short sale rule from October 1, 1997 until January 15, 1998. Below is the text of the proposed rule change. Proposed new language is in italics; proposed deletions are in brackets.

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⁸ 17 CFR 200.30-3(a)(12) (1997).

¹ 15 U.S.C. § 78s(b)(1) (1994).

² 17 CFR 240.19b-4 (1997).

⁷ 15 U.S.C. § 78o(b)(6) (1994).

NASD Rule 3350

(1) This section shall be in effect until January 15, 1998 (October 1, 1997).

* * * * *

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 NASD 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 V below. Nasdaq 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. Background and Description of the NASD's Short Sale Rule

On June 29, 1994, the SEC approved the rule applicable to short sales³ in Nasdaq National Market ("NNM") securities on an eighteen-month pilot basis through March 5, 1996.⁴ The termination date for the pilot program for the Rule was subsequently extended until October 1, 1997.⁵

The Rule prohibits member firms from effecting short sales at or below the current inside bid as disseminated by

³ A short sale is a sale of a security which the seller does not own or any sale which is consummated by the delivery of a security borrowed by, or for the account of, the seller. To determine whether a sale is a short sale members must adhere to the definition of a "short sale" contained in Rule 3b-3 of the Act, which rule is incorporated into Nasdaq's Rule by NASD Rule 3350(k)(1).

⁴ Securities Exchange Act Release No. 34277 (June 29, 1994), 59 FR 34885 (July 7, 1994) [File No. SR-NASD-92-12] ("Short Sale Rule Approval Order").

⁵ The Rule was extended on several occasions. Securities Exchange Act Release No. 36532 (November 30, 1995), 60 FR 62519 (December 6, 1995) [File No. SR-NASD-95-58]; See also Securities Exchange Act Release No. 36171 (August 30, 1995), 60 FR 46651 (September 7, 1995) [File No. SR-NASD-95-35]. The most recent extension of the pilot program through October 1, 1997, was approved by the SEC to afford the NASD a better opportunity to examine the effectiveness of the Rule and the impact of the market maker exemption from the Rule. Securities Exchange Act Release No. 37917 (November 1, 1996), 61 FR 57934 (November 8, 1996) [File No. SR-NASD-96-41]. In this connection, in order to enhance its ability to examine the impact of the market maker exemption, the NASD received SEC approval of its proposal to require market makers to mark their ACT reports to denote when they have relied on the market maker exemption. Securities Exchange Act Release No. 38240 (February 5, 1997), 62 FR 6290 (February 11, 1997) [File No. SR-NASD-96-52].

Nasdaq whenever that bid is lower than the previous inside bid.⁶ The Rule is in effect during normal domestic market hours (9:30 a.m. to 4:00 p.m., Eastern Time). To ensure that market maker activities that provide liquidity and continuity to the market are not adversely constrained when the Rule is invoked, the Rule provides an exemption to "qualified" Nasdaq market makers (*i.e.*, those market makers that meet the Primary Market Maker ("PMM") standards). Even if a market maker is able to avail itself of the qualified market maker exemption, it can only utilize the exemption from the Rule for transactions that are made in connection with bona fide market making activity. If a market maker does not satisfy the requirements to be a qualified market maker, it can remain a market maker in the Nasdaq system, although it can not take advantage of the exemption from the Rule.

Since the Rule has been in effect, there have been three methods used to determine whether a market maker is eligible for the market maker exemption. Specifically, from September 4, 1994 through February 1, 1996, Nasdaq market makers who maintained a quotation in a particular NNM security for 20 consecutive business days without interruption were exempt from the Rule for short sales in that security, provided the short sales were made in connection with bona fide market making activity (the "20-day" test). From February 1, 1996 until February 14, 1997, the "20-day" test was replaced with a four-part quantitative test known as the Nasdaq PMM Standards.⁷ On

⁶ Nasdaq calculates the inside bid or best bid from all market makers in the security (including bids on behalf of exchanges trading Nasdaq securities on an unlisted trading privileges basis) and disseminates symbols to denote whether the current inside bid is an "up bid" or a "down bid." Specifically, an "up bid" is denoted by a green "up" arrow and a "down bid" is denoted by a red "down" arrow. To effect a "legal" short sale on a down bid, the short sale must be executed at a price at least a 1/16th of a point above the current inside bid. Conversely, if the security's symbol has a green up arrow next to it, members can effect short sales in the security without any restrictions.

⁷ Under the PMM Standards, a market maker was required to satisfy at least two of the following four criteria each month to be eligible for an exemption from the Rule: (1) The market maker must be at the best bid or best offer as shown on Nasdaq no less than 35 percent of the time; (2) the market maker must maintain a spread no greater than 102 percent of the average dealer spread; (3) no more than 50 percent of the market maker's quotation updates may occur without being accompanied by a trade execution of at least one unit of trading; or (4) the market maker executes 1 1/2 times its "proportionate" volume in the stock. If a PMM did not satisfy the threshold standards after a particular review period, the market maker lost its designation as a PMM (*i.e.*, the "P" next to its market maker identification was removed). Market makers could

February 14, 1997, the PMM standards were waived for all NNM securities due to the effects of the SEC's Order Handling Rules and corresponding NASD rule change and system modifications on the operation of the four quantitative standards.⁸ For example, among other effects, the requirement that market makers display customer limit orders adversely affected the ability of market makers to satisfy the "102% Average Spread Standard." Nasdaq is presently in the process of formatting revised PMM standards that focus principally on whether a market maker is a "net" provider of liquidity.

Furthermore, in an effort to not constrain the legitimate hedging needs of options market makers, the Rule contains a limited exception for standardized options market makers. The Rule also contains an exemption for warrant market makers similar to the one available for options market makers. The Rule also incorporates seven exemptions contained in Rule 10a-1 under the Act ("Rule 10a-1") that are relevant to trading on Nasdaq.⁹

2. Proposal To Extend the Short Sale Rule

When the Commission approved the Rule on a temporary basis, it made specific findings that the Rule was consistent with Sections 11A, 15A(b)(6), 15A(b)(9), and 15A(b)(11) of the Act. Specifically, the Commission stated that, "recognizing the potential for problems associated with short selling, the changing expectations of Nasdaq market participants and the competitive disparity between the exchange markets and the OTC market, the Commission believes that regulation of short selling of NNM securities in consistent with the Act."¹⁰ In addition, the Commission stated that it "believes that the NASD's short sale bid-test, including the market

requalify for designation as a PMM by satisfying the threshold standards in the next review period.

⁸ Securities Exchange Act Release No. 38294 (February 14, 1997), 62 FR 8289 (February 24, 1997) [File No. SR-NASD-97-07].

⁹ See NASD Rule 3350(c) (2)-(8). The Rule also provides that a member not currently registered as a Nasdaq market maker in a security that has acquired the security while acting in the capacity of a block positioner shall be deemed to own such security for the purposes of the Rule notwithstanding that such member may not have a net long position in such security, if and to the extent that such member's short position in such security is subject to one or more offsetting positions created in the course of bona fide arbitrage, risk arbitrage, or bona fide hedge activities. In addition, the NASD has recognized that SEC staff interpretations to Rule 10a-1 dealing with the liquidation of index arbitrage positions and an "international equalizing exemption" are equally applicable to the NASD's Rule.

¹⁰ Short Sale Rule Approval Order, *supra* note 4, at 34891.

maker exemption, is a reasonable approach to short sale regulation of Nasdaq National Market securities and reflects the realities of its market structure."¹¹ However, in light of the Commission's concerns with adverse comments made about the Rule and the Commission's own concerns with the structure and impact of the Rule,¹² the Commission determined to approve the Rule on a temporary basis to afford the NASD and the SEC an opportunity to study the effects of the Rule and its exemptions.¹³ To address these concerns, in July 1996 and in August 1997, the NASD's Economic Research Department prepared two separate studies on the economic impact of the Rule, which concluded, among other things, that the Rule had no adverse impact on the market.¹⁴ Accordingly, on August 8, 1997, the NASD submitted a proposed rule change that requested permanent approval of the Rule.

The NASD notes that while the short sale pilot is set to expire on October 1,

¹¹ *Id.* at 34892.

¹² When the NASD's Rule was first considered by the Commission, the SEC received 397 comment letters on the proposal, with 275 comments opposed to the Rule and 122 comments in favor of the Rule. Those commenters opposed to the Rule argued that: (1) The NASD had failed to provide sufficient evidence of the need for the Rule or demonstrate the appropriateness of the Rule based on a "bid" test instead of "tick" test; (2) the PMM standards will have negative effects on both market makers and the Nasdaq market; and (3) the Rule is inconsistent with the requirements of the Act.

¹³ In particular, before considering any NASD proposal to extend, modify, permanently implement or terminate the Rule, the Commission requested that the NASD examine: (1) The effects of the Rule on the amount of short selling; (2) the length of time that the Rule is in effect (*i.e.*, the duration of down bid situations); (3) the amount of non-market maker short selling permitted under the Rule; (4) the extent of short selling by market makers exempt from the Rule; (5) whether there have been any incidents of perceived "abusive short selling"; (6) the effects of the Rule on spreads and volatility; (7) whether the behavior of bid prices has been significantly altered by the Rule; and (8) the effect of permitting short selling based on a minimum increment of 1/16th.

¹⁴ In July 1996, the NASD's Economic Analysis Department completed a study on the economic impact of the Rule, which concluded that the Rule has had no adverse impact on the market. The Economic Impact of the Nasdaq Short Sale Rule, NASD Economic Research Department (July 23, 1996) ("July 1996 Short Sale Study"). In the same month, NASD submitted a proposal to adopt the Rule on a permanent basis. Securities Exchange Act Release No. 37942 (July 29, 1996), 61 FR 40693 (SR-NASD-96-30). Because the NASD believed additional quantitative analysis was necessary to evaluate the effects of the Rule, the NASD withdrew this rule filing. In August 1997, the NASD's Economic Analysis Department completed a second study on the economic impact of the Rule, which further concluded that the Rule has had no adverse impact on the market. The Nasdaq Stock Market Short Sale Rule: Analysis of Market Quality Effects and The Market Maker Exemption, NASD Economic Research Department (August 7, 1997) ("August 1997 Short Sale Study").

1997, Nasdaq currently is working diligently to develop effective PMM standards, which the NASD plans to file shortly with the Commission. The NASD notes that any PMM standards it might propose are integrally related to the Rule, that is, changes to PMM standards may have an impact on the Rule because it will define the parameters under which market makers qualify for PMM status and thus may execute "legal" short sales. Therefore, the NASD believes that any PPM standards that the NASD may propose may have an impact on whether the Commission ultimately grants the NASD's request for permanent approval of the Rule. Accordingly, in light of these factors and expiration of the Rule on October 1, 1997, the NASD is proposing to extend the Rule's pilot until January 15, 1998. The NASD believes this extension will afford the NASD time to formulate and submit to the Commission revised PMM standards and will allow the Commission to review on a contemporaneous basis these two integrally related proposed rule changes (*i.e.*, the short sale and PMM rules).

The NASD believes the proposed rule change is consistent with Sections 15A(b)(6) of the Act. Section 15A(b)(6) requires that the rules of a national securities association be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market. Specifically, the NASD believes that extending the pilot period for the Rule will ensure continuity in regulation while the Commission considers the proposed PMM standards and permanent approval of the Rule.

The NASD also believes the proposed rule change is consistent with Section 15A(b)(6) of the Act because the Rule is premised on the same anti-manipulation and investor protection concerns that underlie the SEC's own short sale rule, Rule 10a-1 under the Act ("Rule 10a-1"). In particular, as with Rule 10a-1, the NASD believes its Rule promotes just and equitable principles of trade by permitting long sellers access to market prices at any time, while constraining the execution of potentially abusive and manipulative short sales at or below the bid in a declining market. In addition, as with Rule 10a-1, Nasdaq believes its Rule removes impediments to a free and open market for long sellers and helps

to assure liquidity at bid prices that might otherwise be usurped by short sellers. Lastly, because the immediate beneficiaries of the Rule are shareholders of NNM companies, Nasdaq believes its Rule is designed to protect investors and the public interest. At the same time, given that the Rule does not constrain short sales in a raising market or prohibit the execution of short sales in a declining market above bid prices, Nasdaq believes the Rule does not diminish the important pricing efficiency and liquidity benefits that legitimate short selling activity provides.

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

The NASD believes that the proposed rule change will not result in 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

Comments were neither solicited nor received.

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

The NASD requests that its proposal to extend the effectiveness of the Rule until January 15, 1998, be approved on an accelerated basis prior to October 1, 1997.

IV. Commission's Findings and Order Granting Accelerated Approval of the Proposed Rule Change

The Commission finds that the NASD's proposed rule change seeking to extend the pilot of the Rule through January 15, 1998, is consistent with the Act and the rules and regulations promulgated thereunder. Specifically, the Commission finds that the proposed rule change is consistent with Section 15A(b)(6) of the Act which requires that the NASD rules be designed, among other things, to facilitate securities transaction and to protect investors and the public interest. The Commission believes that the proposed rule change is consistent with the Act because extension of the pilot will allow the Commission and the NASD to consider the potential problems associated with short selling, the changing expectations of Nasdaq market participants and the potential for competitive disparity between the exchange markets and the OTC market. This extension also will afford NASD time to formulate and submit to the Commission revised PMM

standards and will allow the Commission to review on a contemporaneous basis these two integrally related rules (*i.e.*, the short sale and PMM rules).

The Commission also finds good cause for approving the proposed rule change prior to the 30th day after the date of publication of notice of filing thereof. The Commission believes that it is appropriate to approve on an accelerated basis the extension through January 15, 1998, of the pilot program of the Rule to ensure the continuous operation of the Rule and to allow the NASD and the Commission time to review the operation of the Rule, which is set to expire on October 1, 1997.

V. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. People 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 in the Commission's Public Reference Room. Copies of the filing will also be available for inspection and copying at the NASD's principal offices. All submissions should refer to File No. SR-NASD-97-65 and should be submitted by October 27, 1997.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change, SR-NASD-97-65 be, and hereby is, approved through January 15, 1998.¹⁵

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁶

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-26359 Filed 10-3-97; 8:45 am]

BILLING CODE 8010-01-M

SOCIAL SECURITY ADMINISTRATION

Agency Information Collection Activities: Proposed Collection Requests

This notice lists information collection packages that will require submission to the Office of Management and Budget (OMB), in compliance with Pub. L. 104-13 effective October 1, 1995, The Paperwork Reduction Act of 1995.

1. Disability Report—0960-0141. The information collected on Form SSA-3368-BK is needed for the determination of disability by the State Disability Determination Services. This version of the form will be used in those SSA offices and State DDS offices that are piloting SSA's Reengineered Disability System. The information will be used to develop medical evidence and to assess the alleged disability. The respondents are applicants for disability benefits.

Number of Respondents: 36,500.

Frequency of Response: 1.

Average Burden Per Response: 30 minutes.

Estimated annual Burden: 18,250 hours.

2. Pain Report—Child—0960-0540. The information collected on form SSA-3371-BK by the Social Security Administration is used to make a determination of disability for a child under the title XVI program. This information is essential to the adjudication of a claim. The respondents are applicants for title XVI child disability benefits.

Number of Respondents: 250,000.

Frequency of Response: 1.

Average Burden Per Response: 15 minutes.

Estimated Annual Burden: 62,500 hours.

Written comments and recommendations regarding the information collection(s) should be sent within 60 days from the date of this publication, directly to the SSA Reports Clearance Officer at the following address: Social Security Administration, DCFAM, Attn: Nicholas E. Tagliareni, 6401 Security Blvd., 1-A-21 Operations Bldg., Baltimore, MD 21235.

In addition to your comments on the accuracy of the Agency's burden estimate, we are soliciting comments on the need for the information; its practical utility; ways to enhance its quality, utility and clarity; and on ways to minimize burden on respondents, including the use of automated collection techniques or other forms of information technology.

To receive a copy of any of the forms or clearance packages, call the SSA

Reports Clearance Officer on (410) 965-4125 or write to him at the address listed above.

Dated: September 30, 1997.

Nicholas E. Tagliareni,

Reports Clearance Officer, Social Security Administration.

[FR Doc. 97-26410 Filed 10-3-97; 8:45 am]

BILLING CODE 4190-29-P

DEPARTMENT OF TRANSPORTATION

Office of the Secretary

Reports, Forms and Recordkeeping Requirements Agency Information Collection Activity Under OMB Review

AGENCY: Office of the Secretary, DOT.

ACTION: Notice.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 3501, *et seq.*) this notice announces that the Information Collection Requests (ICRs) abstracted below has been forwarded to the Office of Management and Budget (OMB) for review and comment. The ICR describes the nature of the information collection and it's expected cost and burden. The **Federal Register** Notice with a 60-day comment period soliciting comments on the following collection of information was published on June 24, 1997 [61 FR, 34101-34102].

DATES: Comments on this notice must be received on or before December 5, 1997.

FOR FURTHER INFORMATION CONTACT: Ms. Carol A. Woods, Air Carrier Fitness Division (X-56), Office of Aviation Analysis, Office of the Secretary, U.S. Department of Transportation, 400 Seventh Street, SW., Washington, DC 20590, 202/366-9721. Telephone: (202) 366-3784.

SUPPLEMENTARY INFORMATION:

Office of the Secretary, Office of Aviation Analysis

Title: Procedures and Evidence Rules for Air Carrier Authority Applications.

OMB Control Number: 2105-0023.

Type of Request: Reinstatement, without change, of a previously approved collection for which approval has expired.

Affected Public: Persons seeking initial or continuing authority to engage in air transportation of persons, property, and/or mail.

Abstract: In order to determine the fitness of persons seeking authority to engage in air transportation, the Department collects information from them about their ownership,

¹⁵ See also companion release Securities Exchange Act Release No. 39139.

¹⁶ 17 CFR 200.30-3(a)(12) (1997).