

discovery and that any manner of response allowed by the rules of the forum may be employed.

2. When the Postal Service becomes aware of an indication of a violation or potential violation of law, whether civil, criminal, or regulatory in nature, and whether arising by general statute or particular program statute, or by regulation, rule, or order issued pursuant thereto, or in response to the appropriate agency's request on a reasonable belief that a violation has occurred, the relevant records may be referred to the appropriate agency, whether federal, state, local, or foreign, charged with the responsibility of investigating or prosecuting such violation or charged with enforcing or implementing the statute, rule, regulation, or order issued pursuant thereto.

3. Disclosure may be made to a congressional office from the record of an individual in response to an inquiry from the congressional office made at the prompting of that individual.

4. Records or information from this system may be disclosed to an expert, consultant, or other person who is under contract to the Postal Service to fulfill an agency function, but only to the extent necessary to fulfill that function. This may include disclosure to any person with whom the Postal Service contracts to reproduce, by typing, photocopy, or other means, any record for use by Postal Service officials in connection with their official duties or to any person who performs clerical or stenographic functions relating to the official business of the Postal Service.

POLICIES AND PRACTICES FOR STORING, RETRIEVING, ACCESSING, RETAINING, AND DISPOSING OF RECORDS IN THE SYSTEM:

STORAGE:

Name and address of customer will be automated during conversion and then stored off-line on magnetic media.

RETRIEVABILITY:

Postal Service-assigned job number and customer name and customer identification number.

SAFEGUARDS:

Access to these records is limited to those persons whose official duties require such access. Access to automated records is restricted by the use of encryption technology, dedicated lines, and authorized access codes. Licensees who have access to information are required by the terms of the license agreement to protect the information from unauthorized access; to limit its use to that provided by the license agreement; and to apply

appropriate administrative and physical safeguards to protect the information.

RETENTION AND DISPOSAL:

Records supporting a customer order will be destroyed 30 days from completion of order, unless maintained longer at customer's request. Disposal will be by data deletion from magnetic media.

SYSTEM MANAGER(S) AND ADDRESS:

Chief Marketing Officer & Senior Vice President, United States Postal Service, 475 L'Enfant Plz SW, Washington DC 20260-2400.

NOTIFICATION PROCEDURE:

Individuals wanting to know whether information about them is maintained in this system of records must address inquiries in writing to the system manager. Inquiries must contain name, customer identification number, address, and order number, if known.

RECORD ACCESS PROCEDURES:

Requests for access must be made in accordance with the Notification Procedure above and the Postal Service Privacy Act regulations regarding access to records and verification of identity under 39 CFR 266.6.

CONTESTING RECORD PROCEDURES:

See Notification and Record Access Procedures above.

RECORD SOURCE CATEGORIES:

Information is furnished by record subjects (customers) requesting the service.

Stanley F. Mires,

Chief Counsel, Legislative.

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RAILROAD RETIREMENT BOARD

Proposed Collection; Comment Request

SUMMARY: In accordance with the requirement of Section 3506 (c)(2)(A) of the Paperwork Reduction Act of 1995 which provides opportunity for public comment on new or revised data collections, the Railroad Retirement Board (RRB) will publish periodic summaries of proposed data collections.

Comments are invited on: (a) Whether the proposed information collection is necessary for the proper performance of the functions of the agency, including whether the information has practical utility; (b) the accuracy of the RRB's estimate of the burden of the collection of the information; (c) ways to enhance the quality, utility, and clarity of the

information to be collected; and (d) ways to minimize the burden related to the collection of information on respondents, including the use of automated collection techniques or other forms of information technology.

Title and purpose of information collection: Sick Pay and Miscellaneous Payment Report; OMB 3220-0175 Under Section 6 of the Railroad Unemployment Insurance Act (RUIA) and Section 9 of the Railroad Retirement Act (RRA), the Railroad Retirement Board (RRB) maintains for each railroad employee a record of compensation paid to that employee by all railroad employers for whom the employee worked after 1936. This record, which is used by the RRB to determine eligibility for, and amount of, benefits due under the laws its administers, is conclusive as to the amount of compensation paid to an employee during such period(s) covered by the report(s) of the compensation by the railroad employer(s). Further, the Railroad Retirement Solvency Act of 1983 added subsection 1(h)(8) to the RRA which expanded the definition of compensation for purposes of computing the Tier 1 portion of an annuity to include sickness payments and certain payments other than sick pay which are considered compensation within the meaning of Section 1(h)(8). The information reporting requirements for employers are prescribed in 20 CFR 209.

To enable the RRB to establish and maintain the record of compensation, employers are required under Section 6 of the RUIA and Section 9 of the RRA to file with the RRB, in such manner and form and at such times as the RRB by rules and regulation may prescribe, reports of compensation of employees.

The RRB utilizes Form BA-10, Report of Miscellaneous Compensation and Sick Pay, to collect information regarding sick pay and certain other types of payments, referred to as miscellaneous compensation, under Section 1(h)(8) of the Railroad Retirement Act from railroad employers. In addition, the form is used by employers to report any necessary adjustments in the amounts of sick pay or miscellaneous compensation. Employers have the option of submitting the reports on the aforementioned form, or, in like format, on magnetic tape, tape cartridges or PC diskettes. Submission of the mandatory reports is requested annually. One response is required of each respondent. No changes are proposed to Form BA-10. The completion time for Form BA-10 is estimated at 55 minutes per response.

Additional Information or Comments: To request more information or to obtain a copy of the information collection justification, forms, and/or supporting material, please call RRB Clearance Officer at (312) 751-3363. Comments regarding the information collection should be addressed to Ronald J. Hodapp, Railroad Retirement Board, 844 N. Rush Street, Chicago, Illinois 60611-2092. Written comments should be received on or before July 20, 1998.

Chuck Mierzwa,

Clearance Officer.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39992; File No. SR-CBOE-98-13]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto by the Chicago Board Options Exchange, Inc. Relating to the Automatic Execution of Small Retail Orders in Equity Options

May 14, 1998

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹, notice is hereby given that on April 6, 1998, the Chicago Board Options Exchange, Inc., ("CBOE" 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 CBOE. On May 13, 1998, the CBOE submitted to the Commission Amendment No. 1 to the proposed rule change.² 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 CBOE proposes amend CBOE Rule 6.8 and Interpretation and Policy .02 thereunder to provide added flexibility to the Exchange's Retail

Automatic Execution System ("RAES") where the best bid or offer on the Exchange for a given equity option is inferior to the best bid or offer for the same option in another market where the option is traded.

The text of the proposed rule change is available at the Office of the Secretary, CBOE 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 CBOE included statements concerning the purpose of and basis for the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The CBOE 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 purpose of the proposed rule change is to provide for the automatic execution on RAES of eligible retail orders to buy or sell equity options at a price that may be one tick better than the best price currently quoted on the Exchange if the better price is then being quoted in another market where the same options are traded. Under existing CBOE Rule 6.8(a)(ii), the execution price automatically attached to an equity option order executed in RAES is the prevailing market quote on CBOE at the time the order is entered into the system. If at that same time another market is displaying a better quote for the option, under the existing Rules the order is not automatically executed, but instead, pursuant to Interpretation and Policy .02 under CBOE Rule 6.8, is rerouted for non-automated handling. In most cases, especially where the market away from the CBOE is better by only one "tick" (i.e., by one minimum quote interval), the order is usually manually executed on CBOE at the better price.

The proposed rule change will automate the process of filing equity option orders through RAES at any better price being quoted in another market, so long as the price is better by no more than one tick. If the market away from the CBOE purports to be better than the CBOE's quoted market by more than one tick, the existing procedure will continue to apply whereby the order is rerouted out of RAES to the Designated Primary Market

Maker or Order Book Official for non-automated handling.

By automating the execution of eligible retail orders for equity options in the manner described above (referred to as "RAES Auto-Step-Up"), investors will be assured the prompt, automatic execution of these orders at the best available prices, even if those prices are being quoted in a market by more than one tick. This proposal should minimize the delay inherent in manually handling orders in this circumstance, and thereby reduce the risk to investors that, as a result of an adverse move in the market while their orders are being manually handled, they may receive an inferior execution.

The Exchange continues to believe that manual handling is called for where prices apparently quoted in other markets are more than one tick better than the Exchange's best quotes, because the quotes in other markets may be displayed in error or may otherwise not be likely to be available, and because even if Exchange market makers determine to provide an execution at such better prices, this decision should be made on a case-by-case basis by the market makers rather than automatically. In addition, the proposed rule change authorizes the Chairman of the appropriate Floor Procedure Committee or his or her designee to disable RAES Auto-Step-Up for specified classes or series of options or in respect of specified markets when such action is deemed to be warranted by circumstances or conditions applicable to such options or markets. This authority would be expected to be exercised in circumstances such as communication or system problems, fast markets, and similar situations that could make quotes unreliable.

While the Exchange expects that eventually the Floor Procedure Committees will determine to apply the RAES Auto-Step-Up to all or nearly all option classes traded on the floor, the proposed rule change would permit the program to be initiated on a class by class or trading station by station basis.³ To provide for the orderly introduction of this change to the exchange's RAES procedures and to measure its effect before expanding it to equity options floor-wide, the Exchange intends to introduce the change RAES procedure to selected classes of equity options during an initial evaluation period, and then over time to expand the changed procedure to cover a larger number of equity options unless, upon evaluation, such expansion appears not to be warranted. Members will be given

¹ 15 U.S.C. 78s(b)(1).

² In Amendment No. 1, the Exchange clarifies the operation of the proposed rule change. More specifically, the Amendment explains the process of designating options to which the proposed automatic execution feature applies as well as reasons for suspending the new feature. See Letter from Timothy Thompson, Director, Regulatory Affairs, Legal Department, CBOE, to Ken Rosen, Attorney, Division of Market Regulation, Commission, dated May 11, 1998 ("Amendment No. 1").

³ See Amendment No. 1.