

approximately \$25,000 worth of a basket of stocks (with the index at the 250 level). Any meaningful aggregation of positions in contracts with different terms would be difficult to establish as a simple rule, and would require a case-by-case analysis of the terms for each Differential Index Option contract compared to other standardized contracts on the designated and/or benchmark stock or index.

The Exchange also believes that the aggregation of position limits hinders the probability of success of any new product. The aggregation of positions in Differential Options with positions in standardized options will result in the new product competing with the established product for a limited amount of potential volume. Thus, in the Exchange's view, with aggregated position limits, new products cannot "grow the pie" and increase overall liquidity in all the products; they start at a disadvantage which may be impossible to overcome.

f. Customer Margin. Since Differential Index Options are similar to other index options, the Exchange proposes to apply standard index options margin treatment to Differential Index Options.⁷ Differential Index Options on the relative performance of one broad-based index versus another will be margined as broad-based index options and short positions therein will require margin equal to the current market value of the option plus an amount equal to 15% of the market value of the Differential Index reduced by any out of the money amount to a minimum of the current market value of the option plus 10% of the Differential Index. All other Index Differential Options, Equity Differential Options, and Paired Stock Differential Options will be margined as narrow-based index options and short positions therein will require an amount equal to the current market value of the Differential Index Option plus an amount equal to 20% of the market value of the Differential Index reduced by any out of the money amount to a minimum of the current market price of the options plus 10% of the Index. The Exchange believes that this method of determining customer margin is appropriate because the range of volatilities expected for Differential Indexes should not be significantly different than the expected range for other indexes and equities. The volatility of a Differential Index is based upon the volatilities of the designated

and benchmark indexes or stock and the correlation of these components.⁸

2. Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Act,⁹ in general, and furthers the objectives of section 6(b)(5),¹⁰ in particular, because it is designed to promote just and equitable principles of trade, to facilitate transactions in securities, and to remove impediments to and perfect the mechanisms of a free and open market and a national market system, and to protect investors and the public interest.

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

The Exchange does not believe that the proposed rule change will impose 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

The Exchange did not solicit or receive written comments on the proposed rule change.

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

Within 35 days of the date of 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 such 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, including whether the proposed rule change is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. 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 principal office of the PCX. All submissions should refer to File No. SR-PCX-98-62 and should be submitted by June 1, 1999.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹¹

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-11600 Filed 5-7-99; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41350; File No. SR-PCX-99-02]

Self-Regulatory Organizations; Pacific Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to Matters Subject to Arbitration

I. Introduction

On February 3, 1999, the Pacific Stock Exchange, Inc. ("PCX" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") a proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act")¹ and Rule 19b-4 thereunder.² The proposed rule change would amend PCX Rule 12.1 to allow for claims related to employment, including sexual harassment, or any discrimination claim in violation of a statute, to be eligible for submission to arbitration only where all parties have agreed to arbitration after the claim has arisen. Notice of the proposed rule change, together with the substance of the proposal, was provided in a Commission release and in the **Federal Register**.³ The Commission received no comment letters. This Order approves the proposed rule change.

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Exchange Act Release No. 41206 (March 23, 1999) 64 FR 15388 (March 31, 1999).

⁷ See PCX Rule 2.16(c) for margin requirements for standard index options.

⁸ See Amendment No. 1, *supra*, note 3.

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

II. Description of the Proposal

The proposed rule change will modify the current requirement in PCX Rule 12.1 that any employment-related disputes between a registered representative and a member or member organization be addressed by arbitration. The proposal provides that claims related to employment, including sexual harassment, or any discrimination claim in violation of a statute, are eligible for arbitration at the Exchange only if the parties agree to arbitrate the claims after they arise.

The proposed rule change is the most recent in a series of rule changes implemented by self regulatory organizations ("SROs") which modify or clarify exchange rules with regard to arbitration of employment related claims, including claims of sexual harassment.⁴ The proposed rule change is substantially similar to the rule changes the Commission approved for the other SROs; however, PCX has broadened the scope of the previously approved rule changes, to mandate that all claims related to employment, including sexual harassment, or any discrimination claim in violation of a statute, are eligible for arbitration at the Exchange only if the parties agree to arbitrate the claims after they arise.

III. Discussion

Under the Act, SROs are assigned rulemaking and enforcement responsibilities to perform their role in regulating the securities industry for the protection of investors and other related purposes. Pursuant to section 19(b)(2) of the Act,⁵ the Commission is required to approve an SRO's proposed rule change if the Commission determines that the

⁴ See Exchange Act Release No. 40109 (June 22, 1998) 63 FR 35299 (June 29, 1998) (National Association of Securities Dealers ("NASD") no longer requires associated persons, solely by virtue of their association or registration with the NASD, to arbitrate claims of statutory employment discrimination); Exchange Act Release No. 40858 (December 29, 1998) 64 FR 1051 (January 7, 1999) (New York Stock Exchange removes mandatory arbitration of statutory employment discrimination claims from its rules, allowing arbitration only pursuant to a post-dispute agreement to arbitrate); Exchange Act Release No. 40861 (December 29, 1998) 64 FR 1039 (January 7, 1999) (Boston Stock Exchange excludes from mandatory arbitration any employee dispute between a registered representative or associated persons and a member organization alleging employment discrimination in violation of a statute, including sexual harassment, unless the parties agree to arbitrate the claim after it has arisen); Exchange Act Release No. 41080 (February 22, 1999) 64 FR 10033 (March 1, 1999) (Chicago Board Options Exchange adopts new Interpretation .03 under Exchange Rule 18.1 to clarify that a claim involving employment discrimination, including sexual harassment, is not appropriate for mandatory arbitration at the Exchange).

⁵ 15 U.S.C. 78s(b)(2).

proposal is consistent with applicable statutory standards. These standards include section 6(b)(5) of the Act,⁶ which provides that the Exchange's rules must be designed to, among other things, "promote just and equitable principles of trade," and "protect investors and the public interest." Section 6(b)(5) also provides that the Exchange's rules may not be designed to "regulate * * * matters not related to the purposes of the [Exchange Act] or the administration of the [Exchange]."

The Exchange's proposed rule change is consistent with section 6(b) of the Act in general, and furthers the objectives of section 6(b)(5) of the Act in particular, in that it is designed to promote just and equitable principles of trade and the protection of investors and the public interest by improving the administration of an impartial arbitration forum for the resolution of disputes between members and persons associated with members. Furthermore, the proposed rule change is intended to provide uniformity throughout the securities industry as other SROs have modified or clarified their rules with regard to the arbitration of employment related claims. It is reasonable for the Exchange to make a policy determination that in this unique area it will not, as an SRO, permit the use of arbitration unless there is a post-dispute agreement. It is also not improper under the Act for one SRO's policy determination to differ from that of another.

V. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act,⁷ that the proposal, SR-PCX-99-02, be and hereby is approved.⁸

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-11599 Filed 5-07-99; 8:45 am]

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SMALL BUSINESS ADMINISTRATION

Wisconsin State Advisory Council; Public Hearing

The U.S. Small Business Administration Wisconsin State Advisory Council, located in the geographical area of Milwaukee,

⁶ 15 U.S.C. 78f(b)(5).

⁷ 15 U.S.C. 78s(b)(2).

⁸ In approving the proposal, the Commission has considered the rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁹ 17 CFR 200.30-3(a)(12).

Wisconsin, will hold a public meeting from 12:00 p.m. to 1:00 p.m. May 20, 1999 at Metro Milwaukee Area Chamber (MMAC) Association of Commerce Building; 756 North Milwaukee Street, Fourth Floor, Milwaukee, Wisconsin to discuss such matters as may be presented by members, staff of the U.S. Small Business Administration, or others present.

For further information, write or call Yolanda Lassiter, U. S. Small Business Administration, 310 West Wisconsin Avenue Milwaukee, Wisconsin 53203; (O) 414 297-1092; (F) 414 297-3928.

Shirl Thomas,

Director, Office of External Affairs.

[FR Doc. 99-11648 Filed 5-7-99; 8:45 am]

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DEPARTMENT OF STATE

[Public Notice 3050]

Proposed Information Collection

AGENCY: Department of State.

ACTION: 60-Day notice of proposed information collection; Foreign Service written examination registration form.

SUMMARY: The Department of State is seeking Office of Management and Budget (OMB) approval for the information collection described below. The purpose of this notice is to allow 60 days for public comment in the **Federal Register** preceding submission to OMB. This process is conducted in accordance with the Paperwork Reduction Act of 1995.

The following summarizes the information collection proposal submitted to OMB:

Type of Request: Regular submission (we are also submitting an emergency approval request).

Originating Office: PER/REE.

Title of Information Collection: Foreign Service Written Examination Registration Form.

Frequency: Annually.

Form Number: NA.

Respondents: Individuals who wish to register for the Foreign Service Written Examination.

Estimated Number of Respondents: 10,000.

Average Hours Per Response: 1/6.

Total Estimated Burden: 1,666 hours.

Public comments are being solicited to permit the agency to:

- Evaluate whether the proposed information collection is necessary for the proper performance of the functions of the agency.
- Evaluate the accuracy of the agency's estimate of the burden of the