

SECURITIES AND EXCHANGE COMMISSION

[(Release No. 34-42860; File No. SR-Phlx-00-07)]

Self Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Disclosure of Securities Accounts

May 30, 2000.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on January 31, 2000, the Philadelphia Stock Exchange, Inc. ("Phlx" 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 Exchange. 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 Exchange proposes to adopt new Rule 757 ("Disclosure of Securities Accounts"), which would require Exchange members, member organizations, foreign currency options participants, and foreign currency options participant organizations ("Exchange members and organizations") to report to the Exchange all securities accounts in which they have any financial interest or power to make investment decisions. In addition, the rule would require that Exchange members and organizations notify the institution that services the accounts, or at which the accounts are located, that the Exchange members and organizations are members of the Exchange. Below is the text of the proposed rule change, which is entirely new.

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Rule 757—Disclosure of Securities Accounts

(a) *Every member, member organization, participant, and participant organization shall promptly report to the Exchange any securities account, including any error account, in the name of the member, member organization, participant, or participant organization or in which the member, member organization, participant, or participant organization has, directly or*

indirectly, any financial interest or power to make investment decisions.

(b) *Every report shall, at a minimum, include the name of the account, the account number, the type of account, the current securities position(s) in the account, and the name, address, and telephone number of the institution that services the account or at which the account is maintained. A report shall contain such additional information as the Exchange may from time to time require.*

(c) *Every member, member organization, participant, or participant organization having a reportable account for purposes of this rule shall notify each institution that services an account or at which an account is maintained that the member, member organization, participant, or participant organization is a member of the Exchange.*

Commentary:

.01 *Purchases of a security of a publicly traded registered investment company directly from the issuer or the principal underwriter shall not be deemed a reportable security for the purposes of this section. Interest in a non-publicly traded investment vehicle, including a hedge fund, is a reportable security for purposes of this section.*

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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 Phlx 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 IV below. The Exchange 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. Purpose

Proposed new Rule 757 would require Exchange members and organizations to report to the Exchange information about all securities accounts in which they have any financial interest or power to make investment decisions.³

³ Proposed new Rule 757 does not impose an obligation on Exchange members and organizations to report the securities positions in their accounts on an ongoing basis. Telephone conversation between Jurij Trypupenko, Counsel, Phlx, and Ira Brandriss, Attorney, Division of Market Regulation ("Division"), Commission, February 22, 2000.

The Phlx states that this proposed rule change would aid the investigative efforts of the other exchanges, as well as its own efforts, by assisting the Intermarket Surveillance Group ("ISG") in creating a floor member securities account database.⁴ The Phlx would transmit information it receives about accounts of Exchange members and organizations to the Securities Industry Automation Corporation, which would maintain the information on behalf of the ISG.⁵

Under the proposed rule, each report would include, at a minimum, the name of the account, the account number, the type of account, the current securities position(s) in the account, and the name, address, and telephone number of the institution that services the account or at which the account is maintained.⁶ In addition, the rule requires every Exchange member and organization that has a reportable account to inform each institution that services the account, or at which the account is maintained, that the Exchange member or organization is a member of the Exchange. Also, a report shall contain such additional information as the Exchange may from time to time require. The proposed commentary to new Rule 757 states that purchases of a security of a publicly traded registered investment company directly from the issuer or the principal underwriter shall not be deemed a reportable security for the purposes of the rule. Interest in a non-publicly traded investment vehicle, including a hedge fund, would be a reportable security.

The Exchange represents that proposed new Rule 757 would also enhance Exchange surveillance and regulatory efforts by expanding current account reporting requirements. Phlx Rule 751 presently requires employees of Exchange members and organizations to report certain account information to the Exchange members and organizations that employ them, but there is no corresponding obligation on Exchange member and organization employers to report their account information to the Exchange. The

⁴ The ISG is an organization formed by representatives of exchanges in the United States (and certain international exchanges) to address surveillance issues.

⁵ Telephone conversation between Jurij Trypupenko, Counsel, Phlx, and Ira Brandriss, Attorney, Division, Commission, and Joshua Kans, Special Counsel, Division, Commission, March 9, 2000.

⁶ The term "institution" includes a non-member brokerage firm, investment adviser firm, bank, or other financial institution. Telephone conversation between Jurij Trypupenko, Counsel, Phlx, and Ira Brandriss, Attorney, Division, Commission, February 22, 2000.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Exchange believes that proposed new Rule 757's requirement that Exchange members and organizations report securities accounts to the Exchange should provide the Exchange with the capability to monitor and investigate quickly the trading of securities by personnel that trade on the equity, options, and foreign currency floors of the Exchange.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with section 6 of the Act⁷ in general, and furthers the objectives of section 6(b)(5)⁸ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, and to protect investors and the public interest by requiring disclosure of securities accounts in which Exchange members have a financial interest or power to make investment decisions.

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.

III. 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 Exchange 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 at the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-Phlx-00-07 and should be submitted by June 28, 2000.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 00-14261 Filed 6-6-00; 8:45 am]
BILLING CODE 8010-01-M

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3256]

State of Oklahoma

Creek County and the contiguous counties of Lincoln, Okfuskee, Okmulgee, Osage, Pawnee, Payne, and Tulsa in the State of Oklahoma constitute a disaster area as a result of damages caused by severe thunderstorms, rain, and flooding that occurred May 5-8, 2000. Applications for loans for physical damage as a result of this disaster may be filed until the close of business on July 24, 2000 and for economic injury until the close of business on February 26, 2001 at the address listed below or other locally announced locations: U.S. Small Business Administration, Disaster Area 3 Office, 4400 Amon Carter Blvd., Suite 102, Ft. Worth, TX 76155.

The interest rates are:

	(Percent)
For Physical Damage:	
Homeowners with credit available elsewhere	7.375
Homeowners without credit available elsewhere	3.687
Businesses with credit available elsewhere	8.000

	(Percent)
Businesses and non-profit organizations without credit available elsewhere	4.000
Others (including non-profit organizations) with credit available elsewhere	6.750
For Economic Injury:	
Businesses and small agricultural cooperatives without credit available elsewhere ...	4.000

The numbers assigned to this disaster are 325606 for physical damage and 9H4300 for economic injury.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008).

Dated: May 25, 2000.

Aida Alvarez,
Administrator.

[FR Doc. 00-14224 Filed 6-6-00; 8:45 am]
BILLING CODE 8025-01-P

SOCIAL SECURITY ADMINISTRATION

Administrative Review Process, Test of the Elimination of the Fourth Step of Administrative Review in the Disability Claim Process (Request for Review by the Appeals Council) in Conjunction With Testing of Modifications to the Disability Determination Procedures; Disability Claims Process Redesign Prototype

AGENCY: Social Security Administration.

ACTION: Notice of a test.

SUMMARY: The Social Security Administration (SSA) is announcing a test of the elimination of the fourth step of administrative review in the disability claim process (Request for Review by the Appeals Council) in conjunction with the present disability prototype test. Before making any decisions on the merits of the elimination of the request for review, SSA must obtain valid and reliable data on the effects of such elimination—including the impact it may have on agency operations, notices and other procedures, rates of filing to Federal District Courts, and quality and timeliness of service to the public.

DATES: Cases to be included in the test of the elimination of the Request for Review will be selected from those prototype case requests for hearing which are received in servicing hearing offices on or after June 1, 2000, or the date of this notice—whichever is later; and in which an initial application for Social Security Disability Insurance or Supplemental Security Income Disability Benefits was filed effective

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

⁹ 17 CFR 200.30-3(a)(12).