

new primary market maker standards well before the expiration of the pilot.

Nasdaq has requested that the Commission find good cause pursuant to Section 19(b)(2) for approving the proposed rule change prior to the 30th day after publication in the Federal Register. The Commission finds good cause for approving the proposed rule change prior to the 30th day after the date of publication of notice of filing thereof in that accelerated approval will accommodate the Order Handling Rules, which went into effect January 20, 1997.⁶

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 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 such filing will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to File No. SR-NASD-97-07 and should be submitted by March 17, 1997.

spread in the security over the course of any full calendar month exceeds 150 percent of the average of all dealer spreads in such issue for the month. See Securities Exchange Act Release No. 38180 (January 16, 1997), 62 FR 3725. Although the Commission approved the proposed rule change on a temporary basis to facilitate compliance with the Commission's Order Handling Rules, the Commission stated that during this time period, the NASD should monitor the effects of the pilot, as well as study alternative methods that would enhance market making performance while completely fulfilling the NASD's obligation regarding the excess spread rule before the August 8, 1997, deadline contained in the Commission's Order Instituting Public Proceedings Pursuant to Section 19(h)(1) of the Securities Exchange Act of 1934, Making Findings and Imposing Remedial Sanctions, Securities Exchange Act Release No. 37538 (August 8, 1996).

⁶The Division of Market Regulation issued an interim no-action letter to the NASD and Nasdaq with respect to the enforcement of the NASD's primary market maker standards during the consideration of this proposed rule change. The approval of this rule change supersedes that no-action position. See Letter from Howard Kramer, Associate Director, Division of Market Regulation, SEC, to Eugene A. Lopez, Assistant General Counsel, Nasdaq, dated February 3, 1997.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁷ that the proposed rule change be, and hereby is, approved on an accelerated basis, effective February 14, 1997 through October 1, 1997.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-4445 Filed 2-21-97; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-38292; File No. SR-Phlx-96-36]

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change and Notice of Filing of, and Order Granting Accelerated Approval to, Amendment No. 1 to the Proposed Rule Change Relating to Index Value Calculations by the Index Calculation Engine ("ICE") System

February 14, 1997.

On October 3, 1996, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to permit the Phlx to act as the reporting authority for its index options under certain circumstances.

The proposed rule change was published for comment in the Federal Register on October 10, 1996.³ No comments were received on the proposal. Subsequently, the Phlx amended the proposed rule change.⁴

⁷ 15 U.S.C. 78s(b)(2).

⁸ 17 U.S.C. 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 37782 (Oct. 3, 1996), 61 FR 53254.

⁴ See Letter from Theresa McCloskey, Vice President, Regulatory Services, Phlx, to Sharon Lawson, Senior Special Counsel, Division of Market Regulation, Office of Market Supervision, SEC, dated January 23, 1997, and letter from Theresa McCloskey, Vice President, Regulatory Services, Phlx, to Sharon Lawson, Senior Special Counsel, Division of Market Regulation, Office of Market Supervision, SEC, dated January 29, 1997 (collectively "Amendment No. 1"). Amendment No. 1 withdraws that portion of the proposal seeking "interim authority" to utilize the ICE system value. Interim authority, in this case, refers to the Exchange's ability to continue to utilize the ICE system during that interim time period after a temporary operational problem at the designated reporting authority is corrected, but before receiving Commission approval to appoint a different reporting authority. In addition, Amendment No. 1 clarifies that designation of ICE as the reporting authority for a particular options product must be

This order approves the proposal, including Amendment No. 1 on an accelerated basis.

Currently, three market (broad-based) index options, seven industry (narrow-based or sector) index options, and the Super Cap Index option trade on the Exchange. The reporting authority for each index option is currently Bridge Data. For each index option listed on the Exchange, the specifications and descriptions filed with the Commission detail how the index value is calculated and that the calculation is conducted by Bridge.

In the course of reviewing inconsistencies in index value calculations, as well as the disaster recovery implications of using a single, outside reporting authority, the Exchange decided to create its own internal system for the calculation and dissemination of index values—the Index Calculation Engine ("ICE") system. Recently, this system was completed, tested, and implemented as a surveillance tool for Phlx Regulatory Services and Market Surveillance staff monitoring Exchange index options trading. In an effort to make use of the capabilities of the ICE system, the Phlx proposes to utilize the ICE system value as the official index value in two situations.

First, the ICE system value would act as the official index value in the event the reporting authority designated by the Phlx is experiencing difficulties in disseminating an accurate value (e.g., computer failure, line problem). Under these circumstances, the Exchange would automatically switch to using the ICE system value as the official index value, but only for the time period that is necessary for the designated agent to correct its problem.

Second, the Phlx, when determining which entity to utilize as the permanent reporting authority for its index options, would like to be able to select the ICE system as the designated reporting authority.⁵ Economic and efficiency considerations are the impetus for this request.

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, with the

filed pursuant to Section 19(b) of the Act and that the Phlx's request for using ICE as the reporting authority for FLEX options will be incorporated into the FLEX options proposal (SR-Phlx-96-38).

⁵ Any request to utilize ICE as the permanent reporting authority for a particular options product will have to be submitted to the Commission for approval under Section 19(b) of the Act. See Amendment No. 1, *supra* note 4.

requirements of Section 6(b).⁶ Specifically, the Commission believes the proposal is consistent with the Section 6(b)(5) ⁷ requirements that the rules of an exchange be designated to promote just and equitable principles of trade, to facilitate transactions in securities, to prevent fraudulent and manipulative acts, and, in general, to protect investors and the public interest.⁸

The Commission believes it is appropriate to allow the temporary use of the ICE system value as the official index value when the designated reporting authority is experiencing operating difficulties. Utilizing the ICE system as a backup in such situations will add stability to the affected options market because it will ensure the continued availability of current index values, which are essential to investment decisions in index options, while the designated reporting authority identifies and corrects the problems prohibiting the dissemination of an accurate index value.

The Commission also believes it is appropriate to provide the Phlx with the option of designating the ICE system as the reporting authority for its proprietary index options as long as prior Commission approval pursuant to Section 19 of the Act is obtained. Permitting the Phlx to act as the reporting authority for its proprietary index options should benefit investors by reducing the response time needed in the event there is a problem disseminating index values. Moreover, the Phlx has represented that the ICE system has been tested fully and that this system is capable of handling the proposed tasks.⁹

The Commission finds good cause for approving Amendment No. 1 prior to the thirtieth day after the date of publication of notice thereof in the Federal Register. Amendment No. 1 simply clarifies that designation of ICE as the reporting authority must be filed pursuant to Section 19(b) of the Act, explains that the Phlx's request for using ICE as the reporting authority for

FLEX options will be proposed in the FLEX options proposal (SR-Phlx-96-38), and removes the previous request for interim authority to utilize ICE which was deemed to be unnecessary given the Exchange's ability to use ICE until a problem in the designated reporting authority has been corrected.¹⁰

Therefore, the Commission believes that granting accelerated approval to Amendment No. 1 is appropriate and consistent with Section 6 and Section 19(b)(2) of the Act.¹¹

Interested persons are invited to submit written data, views and arguments concerning Amendment No. 1 to the proposed rule change. Persons 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 rules change that are filed with the Commission, and all written communications relating to Amendment No. 1 between the Commission and any persons, 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 such filing will also be available at the principal office of the Phlx. All submissions should refer to File No. SR-Phlx-96-36 and should be submitted by March 17, 1997.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹² that the proposed rule change (SR-Phlx-96-36), as amended by Amendment No. 1, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹³

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-4447 Filed 2-21-97; 8:45 am]

BILLING CODE 8010-01-M

SMALL BUSINESS ADMINISTRATION

[Declaration of Economic Injury Disaster Loan Area Number 9378]

North Dakota (And Contiguous Counties in Minnesota, South Dakota & Montana); Declaration of Disaster Loan Area

All counties in the State of North Dakota except Billings, Bowman, Golden Valley, and Slope; Clay, Kittson, Marshall, Norman, Polk, Traverse, and Wilkin Counties in Minnesota; Brown, Campbell, Corson, Marshall, McPherson, Perkins, and Roberts Counties in South Dakota; and Richland, Roosevelt, and Sheridan Counties in Montana constitute an economic injury disaster loan area as a result of severe winter storms and blizzard conditions during the period of January 3 through January 31, 1997. Eligible small businesses without credit available elsewhere and small agricultural cooperatives without credit available elsewhere may file applications for economic injury assistance until the close of business on November 12, 1997 at the address listed below: U.S. Small Business Administration, Disaster Area 3 Office, 4400 Amon Carter Blvd., Suite 102, Fort Worth, TX 76155, or other locally announced locations. The interest rate for eligible small businesses and small agricultural cooperatives is 4 percent.

(Catalog of Federal Domestic Assistance Program No. 59002)

Dated: February 11, 1997.

Philip Lader,

Administrator.

[FR Doc. 97-4431 Filed 2-21-97; 8:45 am]

BILLING CODE 8025-01-P

[Declaration of Economic Injury Disaster Loan Area #9382]

Commonwealth of Pennsylvania; Declaration of Disaster Loan Area

Allegheny County and the contiguous counties of Armstrong, Beaver, Butler, Washington, and Westmoreland in the Commonwealth of Pennsylvania constitute an economic injury disaster loan area as a result of damages caused by a fire which occurred on January 31, 1997 in the Glassport Industrial Park. Eligible small businesses without credit available elsewhere and small agricultural cooperatives without credit available elsewhere may file applications for economic injury assistance until the close of business on November 14, 1997 at the address listed below: U.S. Small Business Administration, Disaster Area 1 Office,

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

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

⁹ See letter from Thomas A. Wittman, Vice President, Trading Systems Development, Phlx, to George Jenkins, Division of Market Regulation, SEC, dated November 20, 1996; telephone conversation between Thomas A. Wittman, Vice President, Trading Systems Development, Phlx, and Anthony P. Pecora, Attorney, Division of Market Regulation, SEC, November 22, 1996 (representing that ICE is capable of acting as a primary system despite the fact that it originally was designed as a backup system).

¹⁰ The proposal allows the Phlx to utilize the ICE system as the official reporting authority whenever the designated reporting authority is experiencing operating difficulties, but only until such difficulties are resolved. As soon as the problem is corrected, the Phlx must switch back to the designated reporting authority. If the reporting authority's problems occur on a regular basis, the Phlx can designate a different reporting authority, including ICE, by submitting a filing with the Commission pursuant to Section 19(b)(1) of the Act and Rule 19b-4 thereunder.

¹¹ 15 U.S.C. 78f, 78s(b)(2).

¹² 15 U.S.C. 78s(b)(2).

¹³ 17 CFR 200.30-3(a)(12).