

In addition, Amendment No. 4 contains several proposed modifications to the proposed rule change, the majority of which will facilitate member compliance, often at a lower cost. For example, in response to a number of commenters' concerns, Amendment No. 4 proposes to modify the specifications for electronic orders to conform to the unique order identifier requirement to the industry standard of eight characters and to delete the requirement to pass the order origination date. The Commission believes that the proposed modifications relating to the technical specifications for electronic orders should substantially ease the compliance burden imposed on NASD members by the proposed rule without undermining the purpose of the OATS. Further proposed modifications contained in Amendment No. 4 would facilitate the reporting requirements relating to bunched orders. Amendment No. 4 also proposes to modify the proposal by limiting the reporting requirements applicable to ECN's to conform to those requirements applicable to manually transmitted orders.

Moreover, Amendment No. 5 proposes to delete the provisions in the proposed rule text stating that the information required to be recorded by the Reporting Member operating an ECN is that information provided to the ECN by the transmitting Reporting Member. The Commission notes that Amendment No. 5 proposes to conform the language of the text to the technical specifications for OATS developed by the NASDR. Consequently, the receiving ECN will be required to record the applicable information items specified in Rule 6954(c) at the time the order is received from the transmitting member. As discussed above, the Commission notes that the proposed modifications to the proposed rule change contained in Amendment Nos. 4 and 5 are directly responsive to the concerns expressed in comment letters submitted to the Commission.

Finally, Amendment No. 6 provides a number of clarifying and technical amendments which raise no issues of regulatory concern. Amendment No. 6 clarifies the treatment of bunched orders, and modifies the language of the proposed rule both to eliminate inapplicable references and to make the rule text easier to understand. Amendment No. 6 also revises the implementation date of Phase One of OATS to allow market participants additional time to implement the required systems changes and to conduct necessary testing.

Further, Amendment No. 6 eliminates the requirement under proposed Rule 6954(c)(1) that an order that is transmitted from one department to the trading desk of the same firm must be reported to OATS. As OATS will assume that transmissions for which there is no routing report have been transmitted to the member's trading desk, the Commission believes that this amendment will allow OATS to obtain sufficient information while reducing unnecessary recordkeeping and reporting burdens imposed on member firms.

In addition, Amendment No. 6, by amending NASD Rule 3110, reinstates the recordkeeping requirements initially proposed by the NASDR and published for comment by the Commission. In particular, Amendment No. 6 amends Rule 3110 to require information items pertaining to the identification of persons and departments receiving or originating orders to be recorded by Reporting Members. The Commission notes that such items were initially proposed to be recorded and reported to OATS and thus, Amendment No. 6 minimizes the reporting obligations of member firms while ensuring that vital identifying information continues to be available for regulatory purposes. Accordingly, the Commission believes that it is consistent with the Act in general and with Section 15A(b)(6) of the Act¹¹² in particular to approve Amendment Nos. 2, 3, 4, 5, and 6 to the proposed rule change on an accelerated basis.

VI. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning Amendments Nos. 2, 3, 4, 5, and 6, including whether the proposed Amendments are consistent with the Act. 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 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 Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of all

such filings will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to File No. SR-NASD-97-56 and should be submitted by April 3, 1998.

VII. Conclusion

The Commission believes that the proposal, as amended, should significantly assist the NASDR's efforts in fulfilling its regulatory responsibilities. The Commission further believes the proposed rules meet the minimum requirements for an order audit trail system imposed by the Commission in the SEC Order, which required a time-sequenced record of orders and market-wide synchronization of all member firms' business clocks. In addition, the OATS should provide a useful surveillance tool that will allow earlier detection of fraudulent activity for the benefit of investors and the public. Therefore, the Commission believes the approval of the proposed Order Audit Trail System, as amended, is appropriate and consistent with the requirements of the Act applicable to a national securities association, and in particular, with the requirements of Section 15A(b)(6) of the Act¹¹³ and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹¹⁴ that the proposed rule change (SR-NASD-97-56), including Amendment Nos. 1, 2, 3, 4, 5, and 6, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹⁵

Jonathan G. Katz,
Secretary.

[FR Doc. 98-6528 Filed 3-12-98; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39722; File No. SR-PHLX-97-46]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Proposed By-Law Amendments to Article IV, Section 4-8, Article V, Section 5-5, and Article XXII, Section 22-1

March 4, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

¹¹³ 15 U.S.C. 78o-3.

¹¹⁴ 15 U.S.C. 78s(b)(2).

¹¹⁵ 17 CFR 200.30-3(a)(12).

¹¹² 15 U.S.C. 78o-3(b)(6).

("Act"),¹ notice is hereby given that on February 11, 1998, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization.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 Phlx, pursuant to Rule 19b-4 of the Act, seeks to amend By-Law Article IV, Section 4-8, the Disqualification of Governors; Article V, Section 5-5, Acting Chairman and Vacancies in the Office of Chairman or Vice Chairman; and Article XXII, Section 22-1, Amendment the By-Laws. The text of the proposed rule change is attached as Exhibit A.

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 self-regulatory organization 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 self-regulatory organization 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 Phlx is proposing an amendment to Article IV, Section 4-8 of the Phlx By-Laws in order to apply the Phlx Code of Conduct to members of the Board of Governors and to members of Standing Committees, Special Committees, and Subcommittees thereof. In addition, the

Exchange proposes to amend Article V, Section 5-5, to provide a mechanism to designate the Chief Operating Officer or another Senior Officer to assume the duties of Chairman on an interim basis in circumstances of an extended absence or inability of the Chairman to serve. The Exchange also proposes to amend Article XXII, Section 22-1 to clarify the procedures with respect to the submission of amendments to the By-Laws. This proposed amendment to Section 22-1 would raise from fifty to seventy-five the number of Phlx members required to offer an amendment to the By-Laws; would lengthen from two weeks to four weeks the time period in which a vote on a proposed amendment must be held; and would establish the date of the submission of the proposed amendment as the record date for determining the eligibility of members to vote on the proposed amendment. The proposal also changes the requirement that the proposed amendment be submitted to the Board. Under the proposal, the proposed amendment will be submitted to the Secretary.

The proposed rule change is consistent with Section 6 of the Act in general, and in particular, with Section 6(b)(5), in that it is designed to promote just and equitable principles of trade, prevent fraudulent and manipulative acts and practices, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, as well as to protect investors and the public interest. The proposed change to Article IV, Section 4-8 is intended to prevent potential conflicts of interest and to apply the Code of Conduct not only to members of the Board of the Exchange, but also to Standing Committees and Subcommittees thereof. In addition, the proposed amendments to Article V, Section 5-5 of the By-Laws are designed to provide a mechanism for designating the Chief Operating Office or another senior officer as the persons responsible for assuming the duties of the Chairman on an interim basis, and would define an "extended absence" and an "inability to act" of the Chairman of the Board. The proposed amendments to Section 22-1 of Article XXII of the By-Laws would clarify the procedures for offering amendments to the By-Laws, thereby fostering cooperation and

coordination with respect to Exchange administration and governance.³

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

The Phlx does not believe that the proposed rule change will impose any inappropriate burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

No written comments were either solicited or received.

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 Phlx 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 proposal is consistent with the Act. 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 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 Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the Phlx. All submissions should refer to File No. SR-Phlx-97-46 and should be submitted by April 3, 1998.

¹ 15 U.S.C. 78s(b)(1).

² The Phlx had originally submitted the filing on December 10, 1997; however, the portion of the filing containing proposed changes to the By-Law language (currently Exhibit A) was not included in the filing. At the Commission's request, the Phlx provided the proposed By-Law language. The Phlx made a complete filing on February 11, 1998. On February 13, 1998, the Phlx submitted Amendment No. 1 to the filing, in which it made technical corrections to the language contained in Exhibit A and provided support for the proposed changes to the By-Laws. See Letter from Murray L. Ross, Vice President and Secretary, Phlx, to Marie Ito, Special Counsel, Division of Market Regulation, Commission, dated February 13, 1998.

³ See Amendment No. 1, cited in note 2, above.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁴

Johathan G. Katz,
Secretary.

Exhibit A

New text is in italics; deleted text is bracketed.

Article IV—Board of Governors; Disqualification of Governors

Sec. 4–8. No Governor shall be disqualified from participating in any meeting, action or proceeding of the Board of Governors by reason of being or having been a member of a Standing or Special Committee which has made prior inquiry, examination or investigation of the subject under consideration. Nor shall any member of any such Committee be disqualified by reason of such membership from acting as a Governor upon an appeal from a decision of any such Committee. [But no person shall] *Pursuant to the Exchange's Code of Conduct, no member of the Board of Governors or of any committee or subcommittee shall in any manner, directly or indirectly, participate in the [determination of any matter in which he is personally interested.] determination of any matter substantially affecting his or her interest or the interests of any person in whom he or she is directly or indirectly interested. In any such case, the particular member shall disqualify himself or herself, or shall be disqualified by the Chair of the Board or chair of the relevant committee or subcommittee.*

Article V—Chairman, Vice Chairman, and Officers of the Exchange; Acting Chairman and Vacancies in Office of Chairman or Vice Chairman

Sec. 5–5. During the *extended* absence or inability to act of the Chairman of the Board, the Board shall designate [either of the Vice Chairmen to assume the presiding officer of the Board functions and] *the Chief Operating Officer or another senior officer to assume the duties of the Chairman on an ad interim basis. An extended absence or inability to act of the Chairman of the Board will occur if the Chairman is unable to fulfill his or her duties for a period longer than four weeks.* The Board of Governors shall select a successor to the Chairman of the Board if that office becomes permanently vacant. In case a vacancy shall occur in the office of either of the Vice Chairmen, the Nominating Committee shall select a successor to serve the remainder of the unexpired term, subject to approval by the Board.

Article XXII—Amending the By-Laws; Amendments to By-Laws

Sec. 22–1. Whenever [fifty] *Seventy-five* members of the Exchange shall offer, in writing, any amendment to the By-Laws, it shall be submitted to the [Board of Governors, who shall, within two weeks after the proposed amendment is filed with the Secretary of the Exchange,] *Secretary of the Exchange, who shall* submit it to the membership for vote thereon by ballot[.

under such regulations as the Chairman of the Board, with the approval of the Board of Governors, may direct]. *The vote shall be conducted within four weeks of the date of such submission. The record date for determining members entitled to vote on such amendment shall be set as the date of the submission.* Each member of the Exchange in good standing may vote in person or by proxy. If the number of members participating in the balloting exceeds one-half of the number of memberships then outstanding and the proposed amendment is approved by the affirmative vote of a majority of the votes cast, it shall thereupon become a part of the By-Laws.

[FR Doc. 98–6529 Filed 3–12–98; 8:45 am]

BILLING CODE 8010–01–M

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3057; Amendment # 2]

State of California

In accordance with a notice from the Federal Emergency Management Agency dated February 26, 1998, the above-numbered Declaration is hereby amended to include Los Angeles, Orange, Stanislaus, and Trinity Counties in the State of California as a disaster area due to damages caused by severe winter storms and flooding beginning on February 2, 1998 and continuing.

In addition, applications for economic injury loans from small businesses located in the contiguous Counties of Riverside, San Bernardino, and San Diego in the State of California may be filed until the specified date at the previously designated location.

All other information remains the same, i.e., the deadline for filing applications for physical damage is April 10, 1998 and for economic injury the termination date is November 9, 1998.

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

Dated: March 5, 1998.

Bernard Kulik,
Associate Administrator for Disaster Assistance.

[FR Doc. 98–6484 Filed 3–12–98; 8:45 am]

BILLING CODE 8025–01–M

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3045; Amendment #4]

State of Florida

In accordance with notices from the Federal Emergency Management Agency dated February 26 and 27, and March 2,

1998, the above-numbered Declaration is hereby amended to include Levy and Putnam Counties in the State of Florida as a disaster area due to damages caused by severe storms, high winds, tornadoes, and flooding beginning on December 25, 1997 and continuing. This declaration is further amended to extend the deadline for filing applications for physical damage as a direct result of this disaster to April 6, 1998. The deadline for filing applications for economic injury remains October 6, 1998.

All counties contiguous to the above-name primary counties have been previously declared.

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

Dated: March 3, 1998.

Bernard Kulik,
Associate Administrator for Disaster Assistance.

[FR Doc. 98–6479 Filed 3–12–98; 8:45 am]

BILLING CODE 8025–01–P

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3064]

State of New Jersey

As a result of the President's major disaster declaration on March 3, 1998, I find that Atlantic and Cape May Counties in the State of New Jersey constitute a disaster area due to damages caused by a severe winter coastal storm, high winds, and flooding that occurred February 4–9, 1998.

Applications for loans for physical damages may be filed until the close of business on May 2, 1998, and for loans for economic injury until the close of business on December 3, 1998 at the address listed below or other locally announced locations: Small Business Administration, Disaster Area 1 Office, 60 Rainbow Blvd. South, 3rd Floor, Niagara Falls, NY 14303.

In addition, applications for economic injury loans from small businesses located in the contiguous Counties of Burlington, Camden, Cumberland, Gloucester, and Ocean in the State of New Jersey may be filed until the specified date at the above location.

The interest rates are:

	Percent
Physical Damage	
Homeowners with Credit Available Elsewhere	7.250
Homeowners without Credit Available Elsewhere	3.625
Businesses with Credit Available Elsewhere	8.000
Businesses and Non-Profit Organizations without Credit Available Elsewhere	4.000

⁴ 17 CFR 200.30–3(a)(12).