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**DATES:** Comments on this proposal should be received on or before April 17, 1998.

**ADDRESSES:** Send or deliver comments to—

Richard A. Ferris, Office of Personnel Management, Investigations Service, 1900 E. Street N. W., Room 5416, Washington, D. C. 20415, and

Joseph Lackey, OPM Desk Officer, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, N. W., Room 10235, Washington, D. C. 20503.

Office of Personnel Management.

**Janice R. Lachance,**  
*Director.*

[FR Doc. 98-6938 Filed 3-17-98; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[File No. 500-1]

### Electro-Optical Systems Corp.; Order of Suspension of Trading

March 13, 1998.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of Electro-Optical Systems Corporation ("EOSC") because of questions regarding the accuracy of statements, and material omissions, concerning, among other things, (1) the viability of EOSC's product, a fingerprint device, (2) customer interest in purchasing EOSC's product, and (3) the trading and true value of the common stock of EOSC.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of the above listed company.

Therefore, it is ordered, pursuant to Section 12(k) of the Securities Exchange Act of 1934, that trading in the above listed company is suspended for the

period from 1:30 p.m. EST, March 13, 1998 through 11:59 p.m. EST, on March 26, 1998.

By the Commission.  
**Margaret H. McFarland,**  
*Deputy Secretary.*

[FR Doc. 98-7066 Filed 3-13-98; 4:53]

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## SECURITIES AND EXCHANGE COMMISSION

[File No. 500-1]

### International Heritage Inc.; Order of Suspension of Trading

March 13, 1998.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of International Heritage, Inc. ("IHIN"), a Raleigh, North Carolina company which holds itself out to be a direct sales organization selling various products, including lines of expensive jewelry, collectibles, luggage, golf equipment and long distance service, because of questions regarding the accuracy of statements concerning, among other things, the return investors could expect to receive on their investment, the regulatory background of the company and the background of its president.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of the above-listed company.

Therefore, it is ordered, pursuant to Section 12(k) of the Securities Exchange Act of 1934, that trading in the above-listed company is suspended for the period from 1:00 P.M. EST, March 13, 1998 through 11:59 P.M. EST, on March 26, 1998.

By the Commission.  
**Margaret H. McFarland,**  
*Deputy Secretary.*

[FR Doc. 98-7067 Filed 3-13-98; 4:53 pm]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39739; File No. SR-OCC-97-05]

### Self-Regulatory Organizations; The Options Clearing Corporation; Order Granting Approval of a Proposed Rule Change Relating to Early Warning Notices

March 10, 1998.

On May 15, 1997, the Options Clearing Corporation ("OCC") filed with

the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-OCC-97-05) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").<sup>1</sup> Notice of the proposal was published in the **Federal Register** on August 25, 1997.<sup>2</sup> No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

### I. Description

The proposed rule change revises OCC's Rule 303 to expand the circumstances under which a clearing member is to provide OCC with early warning notices. Currently, Rule 303 requires a clearing member to provide OCC with an early warning notice if the clearing member experiences certain enumerated financial difficulties or if the clearing member has provided any notice required pursuant to Commission Rule 15c3-1(e)(1)(iv).<sup>3</sup> Rule 303 is expanded to explicitly provide that a clearing member must immediately notify an officer of OCC of any notice that such clearing member gives, is required to give, or receives from any regulatory organization regarding any financial difficulty affecting the clearing member or of any failure by the clearing member to be in compliance with the financial responsibility rules or capital requirements of any regulatory organization. As proposed, Rule 303 requires the clearing member to promptly confirm such notice in writing. In addition, the language of paragraphs (b) and (c) of Rule 303 [previously paragraphs (a) and (b)] is revised to conform to the requirement in new paragraph 303(a) that an officer of OCC be immediately notified by telephone of any of the events described in those paragraphs.

The term "regulatory organization" is defined in proposed Interpretations and Policies .01 to mean (i) the Commission and any other federal or state regulatory agency having jurisdiction over the clearing member including the Commodity Futures Trading Commission ("CFTC") in the case of a clearing member which is subject to the jurisdiction of the CFTC; (ii) any self-regulatory organization as defined in Section 3(a) of the Act<sup>4</sup> of which the clearing member is a member or participant; (iii) any clearing

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> Securities Exchange Act Release No. 38948 (August 19, 1997), 62 FR 44998.

<sup>3</sup> 17 CFR 240.15c3-1(e)(1)(iv). Rule 15c3-1(e) requires broker-dealers to provide written notice to the Commission in connection with the withdrawal of certain levels of equity capital.

<sup>4</sup> 15 U.S.C. 78c(a).

organization as defined in Regulation Section 1.3(d) under the Commodity Exchange Act,<sup>5</sup> board of trade, contract market, and registered futures association of which the clearing member is a member or participant; and (iv) in the case of a non-U.S. clearing member, any non-U.S. regulatory agency or instrumentality or independent organization or exchange having jurisdiction over the non-U.S. clearing member or of which the non-U.S. clearing member is a member or participant.

These amendments will enhance the effectiveness of OCC's financial surveillance program by providing OCC with material information, some of which it currently does not receive, concerning a clearing member's financial condition. For example, many of OCC's clearing members are also registered as futures commission merchants ("FCMs") under the Commodity Exchange Act and as such are subject to the financial reporting requirements of the CFTC and the early warning notice requirements of commodity self-regulatory organizations. Because of differences in the early warning notice criteria used by the commodity regulatory organizations and those used by the securities regulatory organizations, events triggering early warning notice requirements for an FCM (e.g., net capital below a specified percentage of segregated funds) would not necessarily create an early warning notice requirement for a registered broker-dealer. Consequently, under OCC's current rules, a situation could occur that would require a clearing member to give early warning notice to its commodity regulatory authority but would not require the clearing member to give notice to OCC. Accordingly, requiring a clearing member to provide OCC with early warning notices which it is required to provide to any other regulatory organization should assist OCC in assessing the ongoing creditworthiness of its clearing members.

There is potential overlap between the requirements of new paragraph (a) and existing paragraph (c) [previously paragraph (b)] whereby a non-U.S. clearing member might be required to notify OCC of a notice from a non-U.S. regulatory agency pursuant to both paragraphs.<sup>6</sup> However, the overlap

should not impose an inappropriate burden on non-U.S. clearing members because the requirement to notify OCC of an event can be satisfied by the same notice to OCC even if the requirement arises under both paragraphs.

## II. Discussions

Section 17A(b)(3)(F) of the Act<sup>7</sup> requires that the rules of a clearing agency be designed to assure the safeguarding of securities and funds in the custody or control of the clearing agency or for which it is responsible. The Commission believes the rule change is consistent with OCC's obligation to assure the safeguarding of securities and funds in the custody or control of the clearing agency or for which it is responsible because it increases the effectiveness of OCC's financial surveillance program. Revisions to Rule 303 concerning early warning notices enables OCC to receive material information concerning a clearing member's financial condition that it does not receive currently. The early warning notices should assist OCC in assessing the ongoing creditworthiness of its clearing members and thus should help OCC to safeguard securities and funds in OCC's custody or control.

## III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 17A of the Act and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-OCC-97-05) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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agency or any notice received from such agency that alleges a violation of such rules or regulations, informs the non-U.S. clearing member that it may violate such rules or regulations, or informs the non-U.S. clearing member that it has triggered any provision relating to early warning notices contained in such rules or regulations.

<sup>7</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>8</sup> 17 CFR 200.30-3(a)(12).

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39744; File No. SR-PHLX-98-11]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. to Amend its Examination Fees to Pass Through Costs

March 11, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on February 17, 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 ("SRO"). 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, pursuant to Rule 19b-4,<sup>2</sup> proposes to amend its examination fee to include a provision which will allow the Phlx to pass through to a member or participant organization the costs incurred from contracting with another SRO to conduct an examination on behalf of the Phlx. The text of the proposed rule change is available at the Office of the Secretary, the Phlx or 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 SRO 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 SRO has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

<sup>1</sup> 15 U.S.C. § 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>5</sup> 17 CFR 1.3(d).

<sup>6</sup> Paragraph (c) of Rule 303 currently provides that an exempt non-U.S. clearing member must notify OCC promptly of any violation on its part of the rules or regulations of its non-U.S. regulatory