

The proposed amendments are the result of a recommendation made by the Exchange's Financial Planning Committee to the Board of Directors. The amendments are structured to fairly allocate the costs of operating the Exchange in light of competitive concerns.

The proposed rule change is consistent with section 6(b) of the Act,⁷ in general, and furthers the objectives of section 6(b)(4) of the Act⁸ in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among CBOE members.

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

CBOE does not believe that the proposed rule change will impose any 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 solicited or received with respect to the proposed rule change.

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

Because the foregoing rule change establishes or changes a due, fee, or other charge imposed by the Exchange, it has become effective⁹ pursuant to section 19(b)(3)(A) of the Act¹⁰ and subparagraph(f) of Rule 19b-4 thereunder.¹¹ At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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, 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 such filing will also be available for inspection and copying at the principal office of the CBOE. All submissions should refer to file number SR-CBOE-99-08, and should be submitted by May 11, 1999.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹²

Jonathan G. Katz,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41277; File No. SR-Phlx-99-02]

Self-Regulatory Organizations; Order Approving Proposed Rule Change by the Philadelphia Stock Exchange, Inc. to Change the Required Minimum Value Size for an Opening Transaction in FLEX Equity Options

April 13, 1999.

I. Introduction

On January 19, 1999, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") submitted to the Securities and Exchange Commission ("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 reduce the required minimum value size for an opening transaction in FLEX Equity Options. The **Federal Register** published the proposed rule change for comment on March 11, 1999.³ The Commission received no comments on the proposal. This order approves the proposal.

II. Description of Proposal

The Exchange is proposing to change the minimum value size for opening transactions, other than FLEX Quotes responsive to a FLEX Request for

Quotes, in any FLEX equity option series in which there is no open interest at the time the Request for Quotes is submitted. Currently, under Exchange Rule 1079 the minimum value size for these opening transactions is 250 contracts. The Exchange is proposing to change the minimum value size for these transactions to the lesser of 250 contracts or the number of contracts overlying \$1 million of the underlying securities.

The Exchange is proposing this change because it believes the current rule is unduly restrictive. The rule was originally put in place to limit participation in FLEX equity options to sophisticated, high net worth individuals.⁴ The Exchange believes, however, that limiting participation in FLEX equity options based solely on the number of contracts purchased may diminish liquidity and trading interest in FLEX equity options on higher priced equities. The Exchange believes the value of the securities underlying the FLEX equity options is an equally valid restraint as the number of contracts and, if set at the appropriate limit, can also prevent the participation of investors who do not have adequate resources. In fact, the limitation on the minimum value size for opening transactions in FLEX market index options and FLEX industry index options is tied to the same type of standard—the underlying equivalent value.⁵ The Exchange believes the number of contracts overlying \$1 million in underlying securities is adequate to provide the requisite amount of investor protection. An opening transaction in a FLEX equity option series on a stock priced at \$40.01 or more would reach this \$1 million limit before it would reach the contract size limit, *i.e.*, 250 contracts times the multiplier (100) times the stock price (\$40.01) totals \$1,000,250 in underlying value.

Currently, an investor can purchase 250 contracts in a FLEX equity series on lower priced stocks, meeting the minimum requirement without reaching an underlying equivalent value of \$1 million. For example, a purchase of FLEX equity options overlying a \$10 stock is permitted although the underlying value for the options would be \$250,000, *i.e.*, 250 contracts times the multiplier (100) times the stock price (\$10). Conversely, under the proposed amendment, a participant could open a new FLEX equity option series overlying a \$110 stock with a trade of

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(4).

⁹ In reviewing this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f).

¹² 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. 41136 (March 3, 1999), 64 FR 12203 (March 11, 1999).

⁴ Exchange Act Release No. 37691 (September 17, 1996), 61 FR 50060 (September 24, 1996) (adopting SR-Phlx-96-38).

⁵ See Exchange Rule 1079(a)(8)(A)(i).

91 contracts or more since the underlying equivalent value would be \$1,001,000.

III. Discussion

The Commission finds that the proposed rule change is consistent with the objectives of section 6(b) of the Act.⁶ In particular, the Commission finds that the proposed rule change furthers the objectives of section 6(b)(5)⁷ which requires an exchange's rules to be designed to promote just and equitable principles of trade, prevent fraudulent and manipulative acts and practices, 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, and to protect investors and the public interest.⁸ Specifically, the Commission believes that the proposed rule change will increase liquidity and trading interest in FLEX equity options on higher priced securities. The Commission also believes that limiting the minimum value size for opening transactions in FLEX equity options to the lesser of 250 contracts or \$1 million of underlying equivalent value is an appropriate level to prevent investors who do not have adequate resources from trading such options.

IV. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act,⁹ that the proposed rule change (SR-PHLX-99-02) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Jonathan G. Katz,

Secretary.

[FR Doc. 99-9815 Filed 4-19-99; 8:45 am]

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SOCIAL SECURITY ADMINISTRATION

Statement of Organization, Functions, and Delegations of Authority

This statement amends part T of the Statement of the Organization, Functions and Delegations of Authority which covers the Social Security

Administration. Notice is given that chapter TA for the Office of the Deputy Commissioner, Disability and Income Security Programs (ODCDISP) is being amended to reflect the establishment of the Office of Employment Support Programs (TAT). Further notice is given that Subchapter TAE, the Office of Disability is being amended to delete functions being transferred to OESP and to abolish the related Division of Employment and Rehabilitation Programs (TAEJ). Notice is also being given that Subchapter TAP, the Office of Program Benefits, is being amended to reflect a title change and changes in responsibilities. The changes are as follows:

Section TA.10 The Office of the Deputy Commissioner, Disability and Income Security Programs—(Organization)

Establish:

I. The Office of Employment Support Programs (TAT).

Section TA.20 The Office of the Deputy Commissioner, Disability and Income Security Programs—(Functions)

Establish:

I. The Office of Employment Support Programs (TAT) plans, develops, evaluates, issues and administers operational policies that implement provisions in the Social Security Act and related statutes promoting or otherwise facilitating the employment of Disability Insurance and Supplemental Security Income Program beneficiaries with disabilities. Plans and directs a program to assess and evaluate beneficiary needs in the areas of rehabilitation and employment support. Provides operational advice, technical support and direction to central office, regional office and field components in the administration of employment support programs. Evaluates the effects of proposed legislation, policy and regulatory changes to determine the operational impact on employment support programs. Provides assistance in educating the public about disability program work incentives, rehabilitation and other forms of employment support. Establishes and maintains relationships with parties interested in the employment of persons with disabilities. Engages in broad-based efforts in partnership with other public and private entities to remove employment obstacles encountered by disability beneficiaries. Promotes process innovation and cooperation among its partners and stakeholders.

Section TAE.10 The Office of Disability—(Organization)

Abolish:

I. The Division of Employment and Rehabilitation Programs (TAEJ).

Section TAE.20 The Office of Disability—(Functions)

Abolish in its entirety:

I. The Division of Employment and Rehabilitation Programs (TAEJ).

Section TAP.10 The Office of Program Benefits—(Organization)

Retitle:

E. The Division of Eligibility and Enumeration (TAPJ) to the Division of Eligibility and Enumeration Policy (TAPJ).

Section TAP.20 The Office of Program Benefits—(Functions)

Retitle:

E. The Division of Eligibility and Enumeration (TAPJ) to the Division of Eligibility and Enumeration Policy (TAPJ).

Amend as follows:

2. Develops and issues guidelines, directives, instructions, and operating procedures for such eligibility and enumeration subject areas as applications, alien issues, evidence, relationships, insured status, income and resources, living arrangements, in-kind support and maintenance, applications for Social Security numbers, and interprogram relationships with food stamps.

F. The Division of Representative Payment and Evaluation (TAPK).

Amend as follows:

2. Develops and issues guidelines, directives, instructions and operating procedures for such representative payment subject areas as (in) capability assessment, investigation and selection of payees, use and conservation of benefits, misuse of benefits, payment for payee services and payee oversight, and for interprogram relationships with Medicaid and Medicare.

Add Subchapter:

Subchapter TAT
Office of Employment Support Programs
TAT.00 Mission
TAT.10 Organization
TAT.20 Functions

Section TAT.00 The Office of Employment Support Programs—(Mission)

The Office of Employment Support Programs (OESP) plans, develops, evaluates, issues and administers operational policies that implement provisions in the Social Security Act and related statutes promoting or

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

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

⁹ 15 U.S.C. 78s(b)(2).

¹⁰ 17 CFR 200.30-3(a)(12).