

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42164; File No. SR-OCC-99-13]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Order Granted Accelerated Approval of a Proposed Rule Change Relating to Closing Early

November 19, 1999.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 ("Act"), notice is hereby given that on October 27, 1999, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. 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 proposed rule change would allow OCC the flexibility, with notice to its Clearing Members, to set earlier cut-off times in Rule 801 when OCC's participant exchanges close early.

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 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 self-regulatory organization has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.²

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The purpose of the proposed rule change is to provide OCC the flexibility to deviate, with notice to its Clearing Members, from the cut-off times designated in OCC's Rule 801 on those dates when OCC's participant exchanges announce an early close. For example, the rule change would apply to early

market closes scheduled for November 26, 1999 and December 31, 1999.

Rule 801 designates specific cut-off times for the exercise of options on business days other than the business day preceding the expiration date. These times include the time by which exercise notices must be submitted and the time when they become irrevocable. In respect of most American option contracts, the time for both of these events is 7:00 p.m.³ OCC is unable to commence its processing until after that time, as the exercises made during a business day are an integral part of OCC's nightly processing. When the exchanges close early, OCC has to wait for hours before it can close the window for exercise notices and begin nightly processing. Likewise, Clearing Members have to wait for critical production reports from OCC. The flexibility to deviate from the designated time in Rule 801 when the participant exchanges close early would allow OCC to process early and generate critical reports to Clearing Members on a more timely basis. Thus, it would provide for a more prompt clearance and settlement process and benefit both OCC and its Clearing Members.

The ability to process early is even more critical for December 31, 1999. The participant exchanges have announced an early market close for that day. OCC would like to complete its processing that day by midnight in an effort to reduce any year 2000 related problems, including the potential for any issues caused by third party vendors. OCC's nightly processing for December 31, includes both its processing for that trading day and its year-end processing. Early processing would better ensure that timely reports will be provided to OCC's Clearing Members. It would also give OCC more time to address any problems that might arise. Thus, for that day, the flexibility to change the times under Rule 801 would promote both the prompt and accurate clearance and settlement of securities transactions.

To help achieve the goal of completing processing by midnight on December 31, the exchanges have agreed to transmit their matched and unmatched trade files to OCC early. However, as previously stated, to commence early processing, it is necessary to advance the cut-off time for exercises. OCC anticipates providing Clearing Members with the same amount of time to transmit post-trading activity and exercise notices to OCC as after a regular market close. However, as a result of this earlier processing by

OCC, Clearing members would receive critical production reports earlier, allowing them to complete their own internal processing for December 31 on a more timely basis.

The exchanges have also announced an early market close for November 26, 1999, the day after Thanksgiving. On that day, OCC and the exchanges would like to process early as a test for the early processing scheduled for December 31. The rule change would allow OCC the flexibility to conduct this "test run."

The proposed rule change is consistent with Section 17A of the Act, because it promotes the prompt and accurate clearance and settlement of securities transactions by giving OCC flexibility to begin processing early.

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

OCC does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, in the public interest, and for the protection of investors.

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

Written comments were not and are not intended to be solicited with respect to the proposed rule change and none have been received.

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

OCC requests accelerated effectiveness of this filing pursuant to Section 19(b)(2) inasmuch as such treatment is necessary to enable OCC to provide adequate notice to its Members of the time changes for the November 25, 1999 and December 31, 1999 processing schedules so they can notify their customers.

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

¹ 15 U.S.C. 78s(b)(1).

² The Commission has modified the text of the summaries prepared by OCC.

³ All times herein are Central time.

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, NW, Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to the file number in the caption above and should be submitted by December 27, 1999.

It Is Therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-OCC-99-13) be, and hereby is, approved on an accelerated basis.

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

Jonathan Katz,
Secretary.

[FR Doc. 99-31392 Filed 12-2-99; 8:45 am]

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DEPARTMENT OF STATE

[Notice No. 3165]

Shipping Coordinating Committee, Subcommittee on Ship Design and Equipment; Meeting Notice

The Shipping Coordinating Committee will conduct an open meeting at 1:00 pm on Tuesday, December 7, 1999, in Room 6103, at U.S. Coast Guard Headquarters, 2100 2nd Street, SW, Washington, DC 20593-0001. The purpose of the meeting is to prepare for the forty-third session of the Subcommittee on Ship Design and Equipment of the International Maritime Organization (IMO) which is scheduled for April 10-14, 2000, at IMO Headquarters in London, England.

Among other things, items of particular interest are: revision of the High Speed Craft Code; revision of resolutions MEPC.60(33) and A.586(14) regarding pollution prevention equipment; safety of passenger submersible craft; asbestos-related problems on board ships; casualty analysis; development of guidelines for ships operating in ice-covered waters; developments on requirements for wing-in-ground craft; low-powered radio homing devices for liferafts on ro-ro passenger ships; international approval procedures for life-saving appliances; improved thermal protection; amendments to resolution A.744(18)

regarding guidelines on the enhanced program of inspections during surveys of bulk carriers and oil tankers; and guidelines under MARPOL Annex VI on prevention of air pollution from ships.

IMO works to develop international agreements, guidelines, and standards for the marine industry. In most cases, these form the basis for class society rules and national standards/regulations. Such an open meeting supports the U.S. Representative to the IMO Subcommittee in developing the U.S. position on those issues raised at the IMO Subcommittee meetings. This open meeting serves as an excellent forum for the public to express their ideas and participate in the international rulemaking process. All members of the public are encouraged to attend or send representatives to participate in the development of U.S. positions on those issues affecting your maritime industry and remain abreast of all activities ongoing within the IMO.

Members of the public may attend this meeting up to the seating capacity of the room. Interested persons may seek information by writing: Mr. Wayne Lundy, U.S. Coast Guard Headquarters, Commandant (G-MSE-3), 2100 2nd Street, SW, Washington, DC 20593-0001 or by calling: (202) 267-2206.

Dated: November 30, 1999.

Stephen M. Miller,
Executive Secretary, Shipping Coordinating Committee.

[FR Doc. 99-31550 Filed 12-2-99; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

Antidrug and Alcohol Misuse Prevention Programs for Personnel Engaged in Specified Aviation Activities

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice.

SUMMARY: The FAA has determined that the minimum percentage rate for drug testing for the period January 1, 2000, through December 31, 2000, will remain at 25 percent of covered aviation employees for random drug testing and will remain at 10 percent of covered aviation employees for random alcohol testing.

FOR FURTHER INFORMATION CONTACT: Ms. Patrice M. Kelly, Office of Aviation Medicine, Drug Abatement Division, Program Analysis Branch (AAM-810), Federal Aviation Administration, 800

Independence Avenue SW, Washington, DC 20591; telephone (202) 267-8976.

SUPPLEMENTARY INFORMATION:

Administrator's Determination of 1999 Random Drug and Alcohol Testing Rates

In final rules published in the **Federal Register** on February 15, and December 2, 1994 (59 FR 7380 and 62218, respectively), the FAA announced that it will set future minimum annual percentage rates for random alcohol and drug testing for aviation industry employers according to the results which the employers experience conducting random alcohol and drug testing during each calendar year. The rules set forth the formula for calculating an annual aviation industry "violation rate" for random alcohol testing and an annual aviation industry "positive rate" for random drug testing. The "violation rate" for random alcohol tests means the number of covered employees found during random tests given under 14 CFR part 121, appendix J to have an alcohol concentration of 0.04 or greater plus the number of employees who refused a random alcohol test, divided by the total reported number of employees given random alcohol tests plus the total reported number of employees who refused a random test. The "positive rate" means the number of positive results for random drug tests conducted under 14 CFR part 121, appendix I plus the number of refusals to take random drug tests, divided by the total number of random drug tests plus the number of refusals to take random drug tests. The violation rate and the positive rate are calculated using information required to be submitted to the FAA by specified aviation industry employers as part of an FAA Management Information System (MIS) and form the basis for maintaining or adjusting the minimum annual percentage rates for random alcohol and drug testing as indicated in the following paragraphs.

When the annual percentage rate for random alcohol testing is 25 percent or more, the FAA Administrator may lower the rate to 10 percent if data received under the MIS reporting requirements for two consecutive calendar years indicate that the violation rate is less than 0.5 percent.

When the minimum annual percentage rate for random alcohol testing is 50 percent, the FAA Administrator may lower the rate to 25 percent if data received under the MIS reporting requirements for two consecutive calendar years indicate that