

delisting if there are less than 1,200 total stockholders.

With respect to a company's earnings and net tangible assets, a company would be subject to possible delisting if its average net income after taxes for three years is less than \$600,000 and either the aggregate market value of the company's stock or its net tangible assets is less than \$12,000,000 (up from \$8,000,000).

A small number of companies that initially listed on the Exchange before the original listing standards were increased to their current levels are above the current continued listing criteria but are below the proposed criteria. Upon Commission approval of this proposed rule change, the Exchange will notify these companies of the new continued listing criteria and will inform such companies that the Exchange expects them to be in compliance with the new criteria within 18 months of their effective date. If such a company does not meet these new standards by such date, the Exchange will consider it to be below the continued listing criteria at that time.

## 2. Statutory Basis

The proposed rule change is consistent with Section 6(b)(5) of the Act in that it is designed to prevent fraudulent and manipulative acts and practices and to perfect the mechanism of a free and open market.

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

The Exchange 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 publication of this notice in the Federal Register or within such other 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 self-regulatory organization consents, the Commission will:

(A) By order approve the 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. 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 at 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 Exchange. All submissions should refer to File No. SR-NYSE-96-07 and should be submitted by April 29, 1996.

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

Margaret H. McFarland,

*Deputy Secretary.*

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[Release No. 34-37048; File No. SR-Phlx-96-08]

### **Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 to the Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Customized Index and Equity Options**

March 29, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on February 22, 1996, 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. On March 21, 1996, the Exchange submitted to the Commission Amendment No. 1 to the

proposed rule change.<sup>3</sup> 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 proposes to adopt Rule 1069A, Customized Options, to govern the trading of customized or flexible index and equity options on the Exchange. Specifically, the Exchange proposes to trade customized options on the following two broad-based (market) index options currently traded on the Phlx: Value Line Composite Index ("VLE") and National Over-the-Counter Index ("XOC"). The Phlx also proposes to trade customized industry (narrow-based) index options pursuant to the proposed rule, specifically, the following four industry index options currently traded on the Phlx: Bank Index ("BKX"), Gold/Silver Index ("XAU"), Semiconductor Index ("SOX") and Utility Index ("UTY"). In addition, the Phlx is proposing to trade customized equity options on securities which are options-eligible pursuant to Phlx Rule 1009, and have been designated as such by the Options Committee.<sup>4</sup>

Proposed Rule 1069A contains the characteristics, trading procedure and other provisions applicable to trading customized options. All customized options would trade in the trading crowd of the corresponding non-customized option. Customized options would not be continuously quoted, nor are series pre-established. The Exchange notes that the Automated Options Market ("AUTOM") system will not be available for customized options.

In order to initiate a transaction, a Requesting Member submits a Request-for-Quote ("RFQ") to the appropriate trading crowd, announcing the terms of the quote sought. The characteristics, including which terms and to what degree customization will be available,

<sup>3</sup> In Amendment No. 1, the Exchange proposes to amend its filing so that (1) customized equity options may be traded on any options-eligible issue, whether or not it is listed for traditional options trading on the Phlx, and (2) the position limit for customized narrow-based (industry) index options are 24,000, 36,000, and 48,000 contracts, as compared to existing position limit tiers for traditional narrow-based index options. See Letter from Gerald D. O'Connell, First Vice President, Market Regulation and Trading Operations, Phlx, to Michael Walinskas, Branch Chief, Office of Market Supervision ("OMS"), Division of Market Regulation ("Market Regulation"), Commission, dated March 21, 1996.

<sup>4</sup> *Id.*

<sup>1</sup> 15 U.S.C. § 78s(b)(1) (1988).

<sup>2</sup> 17 CFR 240.19b-4 (1994).

are outlined in Rule 1069A(a).<sup>5</sup> For example, the exercise strike price can be specified at the time the quote is requested in terms of a specific index value number (e.g., 553.5), a method for fixing such number (e.g., 10 basis points over the index value at a certain time, or with the future trading at a certain price), or a percentage of index value calculated as of the open or close of trading on the Exchange on the trade date (e.g., 5% above the close). Similarly, respecting customized equity options, the exercise strike price can be specified in terms of a specific dollar amount rounded to the nearest one-eighth of a dollar, or a percentage of the underlying security rounded to the nearest tick.

The exercise style can be either American or European, regardless of the exercise style of the non-customized option. The expiration date can also be customized, specifying any business day—any month, day and year within five years for customized index options and three years for customized equity options. However, customized options may not expire on any day that falls on, or within two business days of (prior or subsequent to) a mid-month expiration day for a non-customized option on the same underlying index or security (other than a quarterly expiring index option).

With respect to the minimum size of customized *market index* option quotes, if there is no open interest in the particular series when an RFQ is submitted, the minimum value size of an RFQ is \$10 million underlying equivalent value; if there is open interest, the minimum value size of an RFQ is \$1 million underlying equivalent value, or the remaining underlying equivalent value on a closing transaction, whichever is less. The underlying equivalent value is defined as the aggregate underlying value of a customized index option (index multiplier times the current index value) multiplied by the number of customized index options. The minimum value size for a responsive quote in customized market index options is \$1 million underlying equivalent value, or the remaining underlying equivalent value on a closing transaction, whichever is less.

With respect to the minimum size of customized *industry index* option quotes, if there is no open interest in the particular series when an RFQ is submitted, the minimum value size of an RFQ is \$5 million underlying

equivalent value; this amount is one-half of the minimum size proposed by the Phlx and currently in place on other options exchanges for flexible broad-based index options. Where there is open interest, the minimum value size of an RFQ is \$1 million underlying equivalent value, or the remaining underlying equivalent value on a closing transaction, whichever is less. The minimum value size for a responsive quote is \$1 million underlying equivalent value, or the remaining underlying equivalent value on a closing transaction, whichever is less.

With respect to the minimum size of customized *equity* option quotes, if there is no open interest in the particular series when an RFQ is submitted, the minimum value size of an RFQ is 250 contracts; if there is open interest, the minimum value size of an RFQ is 100 contracts, or the remaining size on a closing transaction, whichever is less. The minimum value size for a responsive quote in customized equity options is 100 contracts, or the remaining size on a closing transaction, whichever is less.

However, assigned Registered Options Traders ("ROTs") are required to respond to each RFQ with a certain minimum size. Respecting broad-based index options, assigned ROTs are required to respond with at least \$10 million underlying equivalent value or the dollar amount requested in the RFQ, whichever is less. Respecting narrow-based index options, assigned ROTs are required to respond with at least \$5 million underlying equivalent value or the dollar amount requested in the RFQ, whichever is less. Respecting customized equity options, assigned ROTs are required to respond with a market of at least 250 contracts or the dollar amount requested in the RFQ, whichever is less.

The settlement value for customized index options may be specified as the value reported at the: (i) close of trading (P.M.-settled), (ii) opening (A.M.-settled) of trading on the Exchange, or (iii) as an average over a specified period of time, within parameters established by the Exchange. For example, the third category includes the average of the index's opening and closing settlement values on the expiration date, the average of the index's high and low values on the expiration date, or the average of the index's opening, closing, high and low values on the expiration date. However, American style index options exercised prior to the expiration date can only settle based on the closing value on the exercise date. Customized index options may be designated for

settlement in U.S. dollars, British pounds, Canadian dollars, Deutsche marks, European Currency Units, French francs, Japanese yen or Swiss francs. With respect to the settlement process applicable to customized equity options, exercise settlement shall be by physical delivery of the underlying security pursuant to Rule 1044.

With respect to the quote format, a bid and/or offer in the form of a specific dollar amount reflected as a fractional price (e.g.,  $\frac{1}{8}$ ,  $\frac{1}{4}$ ), or a percentage of the underlying security or underlying equivalent value, rounded to the nearest minimum tick shall be acceptable. The option type may be a put, call or hedge order.<sup>6</sup>

The quoting and trading procedure, beginning with the RFQ, is enumerated in Rule 1069A(b). Submitting an RFQ in the appropriate trading crowd is the first step in quoting customized options. The Requesting Member must announce and submit an RFQ ticket containing the following: (1) underlying index or security, (2) type, (3) exercise style, (4) expiration date, (5) exercise price, (6) settlement value (AM or PM) and currency for index options, (7) response time, (8) account type, (9) size, and (10) intent to cross. On receipt of an RFQ in proper form, the Requesting Member shall cause the terms of the RFQ to be immediately displayed for dissemination as an administrative text message through the Options Price Reporting Authority ("OPRA").<sup>7</sup>

Following the RFQ announcement, a preset response time will begin, during which members may provide responsive quotes. As stated in Rule 1069A(b)(2), the response time, between two and 15 minutes, will be determined by the Options Committee, depending on the complexity of the RFQ. During the response time, qualified members may provide responsive quotes to the RFQ, which may be entered, modified or withdrawn during such response time.

At the end of the response time, the Requesting Member shall determine the best bid and offer ("BBO"), in accordance with Rule 1014, displaying and disseminating such market with reference to the corresponding RFQ. However, where two or more bids/offers are at parity, priority will be afforded to bids/offers submitted by assigned ROTs.

Following the determination of the BBO, a BBO Improvement Interval may be invoked if the Requesting Member rejects the BBO or the BBO is for less than the entire size requested. The BBO

<sup>6</sup> See Rules 1000(b)(7) and 1066(f).

<sup>7</sup> Operationally, the Requesting Member provides this information to a key puncher, who enters it into Exchange systems.

<sup>5</sup> The Exchange notes that Rule 1069A generally parallels the provisions of Rule 1069 governing foreign currency options.

Improvement Interval is a two minute time period during which the BBO may be matched or improved. As a result of the Improvement Interval, a new BBO is established. The parity/priority principles applicable during this time period, including the ability of assigned ROTs to join the new BBO, are discussed below.

A trade in customized options cannot be executed until the end of the response time or BBO Improvement Interval. Once the response time or BBO Improvement Interval ends, the Requesting Member is given the first opportunity to trade on the market, and must promptly accept or reject the BBO, unless an intention to cross was stated in the RFQ. The Requesting Member has no obligation to accept any bid or offer for a customized option. If the Requesting Member rejects the BBO or the BBO size exceeds the entire size requested, another member may accept such BBO or the unfilled balance of the BBO. Acceptable of a bid/offer creates a building contract under Exchange rules. Failure to promptly accept the BBO results in the expiration of the BBO and the RFQ.

The Exchange notes that no ROT or Specialist may trade customized options from the trading floor for a market maker account without being an assigned ROT. Assigned ROTs would be subject to certain obligations respecting the trading of customized options. For example, the affirmative and negative market making obligations of Rule 1014(c) apply. Further, assigned ROTs are required by proposed Rule 1069A(b)(ii) to respond with a market of the minimum size.<sup>8</sup> The Exchange also notes that at least two ROTs will be assigned to each customized option. Because of these obligations, assigned ROTs who responded with a quote during the response time may join a new bid/offer voiced during the Improvement Interval, provided they do so immediately. Enabling assigned ROTs to join such new bid/offer affords them parity at that new BBO. Assigned ROTs must apply pursuant to the appropriate Exchange form.

Generally, on the Exchange options floor, a cross may take place in accordance with Rule 1064. With respect to customized options, an intention to cross must be stated as part of the RFQ. After the BBO has been determined, the Requesting Member intending to cross must bid (or offer) at or better than the BBO. If such bid is at the BBO, joining it placed the

Requesting Member behind the existing BBO pursuant to the time priority principles of Rule 1014(g), because the BBO was established first. That BBO must first be satisfied before the Requesting Member can execute a cross at that price.

If the Requesting Member's bid/off is *better* than the BBO, the Requesting Member must first allow the trading crowd a reasonable opportunity to respond to his improved market. Then, the Requesting Member must offer (or bid) the other side of the cross by at least the minimum variation. An assigned ROT who responded with a market during the response time may immediately join the Requesting Member's bid/offer, thus matching and achieving parity at that new price. Then, the Requesting Member can not execute the entire cross without affording the appropriate split to any assigned ROT at parity.

## II. Self-Regulatory Organization's Statements Regarding 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.

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

The purpose of the proposal is to trade options with flexible characteristics in an exchange auction environment. The Phlx is specifically proposing to trade customized index and equity options, where several different contract specifications will be available for customization, including the exercise price, exercise style, expiration date and method for determining the exercise settlement value.

The Exchange believes that customized options will provide important trading opportunities, which may currently be unavailable due to pre-set expiration dates, exercise prices and exercise styles. For example, although the XOC is American style, a flexible XOC contract could be crafted pursuant to Rule 1069A as a European style option. Thus, customization offers new

trading potential respecting existing securities.

Currently, there exists an active over-the-counter ("OTC") market in options, where basic option features can be customized. These customized options are often traded by institutional investors with specific trading needs. In response, the Exchange seeks to trade customized options in an exchange auction market environment, with the Options Clearing Corporation ("OCC") as issuer and guarantor. Thus, customized options are structured with a minimum size reflecting the larger-sized trades of these institutional users.

Proposed Rule 1069A is based upon rule 1069, Customized Foreign Currency Options, a product that the Exchange traded since November 1994.<sup>9</sup> Generally, customized options shall be traded in accordance with many of the existing equity option and index option rules. Rule 1069A, however, contains new trading procedures unique to customized options. In addition, the proposal, to a large extent, is similar to proposals by other exchanges to trade flexible options.<sup>10</sup>

For example, to ensure orderly trading, customized options will begin trading at 10:00 AM, one half hour after the normal opening of trading index options on the Exchange, in order to limit the burden on the trading crowd. Customized industry index and equity options would trade until 4:10 PM, to correspond to the non-customized option, similar to customized market index options, which would trade until 4:15 PM. The Exchange notes that no trading rotations will occur in customized options.

In order to minimize the market impact of this product, the expiration date may not fall on, or within two business days before or after the normal mid-month Friday expiration for options. In addition, customized options will be subject to a separate position limit of, on the same side of the market: 200,000 broad-based index option contracts, four times the current position limits for narrow-based index option contracts,<sup>11</sup> and, respecting customized equity options, three times the current limit applicable to the listed equity option. The Exchange believes that their proposed market index and equity option position limits are similar to existing or proposed provisions of other exchanges. The text of the proposed rule specifies the following

<sup>9</sup> Securities Exchange Act Release No. 34925 (November 1, 1994) (SR-Phlx-94-18).

<sup>10</sup> See, e.g., CBOE Rules, Chapter XXIVA; and Amex Rules, Section 15, Rules 900G, et. seq.

<sup>11</sup> See Amendment No. 1, *supra* note 3.

<sup>8</sup> However, assigned ROTs are not required to provide continuous quotes or markets at a certain minimum spread (quote spread parameters).

position limit tiers for both customized equity and industry index options as follows: (1) 24,000, 36,000 or 48,000 customized industry index option contracts; and (2) 75,000, 60,000, 31,500, 22,500 or 13,500 customized equity option contracts.

Generally, customized option positions are not taken into account when calculating position limits for non-customized options on the same index.<sup>12</sup> A separate exercise limit would also apply, equivalent to the applicable position limit. The minimum exercise size would be the lesser of \$1 million or the remaining size of the position respecting index options, and the lesser of 100 contracts or the remaining size of the position respecting equity options.

In order to enhance customer protection, the proposal requires assigned ROTs to submit a Letter of Guarantee<sup>13</sup> issued by a clearing member organization, specifically accepting financial responsibility for all customized option transactions made by such person. Moreover, a minimum of \$100,000 in net liquid assets is required to be maintained by assigned ROTs. Floor Brokers must maintain a minimum of \$50,000 in net capital to qualify to trade customized options. Both assigned ROTs and Floor Brokers must immediately notify the Exchange's Examinations Department upon failure to be in compliance with these requirements.

Although customized options will not be continuously quoted, once an RFQ is received, its terms, as well as the responding quotes, will be disseminated by Exchange systems. The terms of any resulting trade will also be disseminated. Specifically, the Requesting Member will ensure immediate dissemination to OPRA, which will, in turn, disseminate the information to subscribing vendors in the form of an administrative text message. The Exchange believes that transparency in customized options will be preserved by prompt and complete quotation and transaction reporting. The Exchange expects to utilize a separate computer system to handle customized index and equity options, similar to the system utilized for customized foreign currency options.

Unlike the provisions of other exchanges,<sup>14</sup> discretionary transactions

will not be permitted in customized index and equity options. Thus, the existing provisions of Rule 1065 will apply to prohibit such transactions. The Exchange also notes that there will be no specialist in customized options. The assigned specialist in the non-customized option must apply to be an assigned ROT in order to participate. The current responsibilities of a Specialist to determine a market based on the bids and offers voiced as well as to disseminate bids/offers and trades will be handled by the Requesting Member. The Exchange believes that this procedure is similar to market maker systems on other exchanges. Nevertheless, customized options will trade in the crowd of the non-customized option in order to facilitate participation by assigned ROTs who will most likely be trading in the non-customized option.

Under the proposal, the RFQ must state the size and account type, in addition to the other components, which are similar to those of other exchanges.<sup>15</sup> The RFQ is intended to detail the information necessary for ROTs to make a market, enhancing the accuracy of such market in view of the fact that customized option series are not pre-established and thus do not appear on trading sheets. The Exchange believes that stating the size and account type in the RFQ is important to the market making function.

Further, the proposed crossing procedure differs from that of other exchanges. The Exchange notes that stating an intention to cross in the RFQ is similar to the procedures of other exchanges.<sup>16</sup> Prohibiting a cross on the BBO is consistent with the parity/priority principles of Rule 1014(g), because the Requesting Member's later-voiced bid does not have time priority over the established BBO. With respect to an intent to cross at a price *better* than the existing BBO, the proposal would afford assigned ROTs an opportunity to immediately join the Requesting Member's market. Thus, no guaranteed minimum right of participation exists for a Requesting member intending to cross.<sup>17</sup> Instead, the Exchange believes it is critical to its ability to attract market maker interest, and thus liquidity, to customized options trading to afford assigned ROTs the ability to achieve parity.

In view of the obligations of assigned ROTs to make a market of a certain

minimum size as well as that each customized option traded must have at least two assigned ROTs, the Exchange believes this ability to match is critical to the success of the product. The Exchange notes that the priority that an assigned ROT has over non-assigned market participants in voicing bids/offers and determining the BBO is similar to that of other exchanges.<sup>18</sup> This priority is limited to voicing bids/offers to establish a BBO; for purposes of joining bids/offers during the Improvement Interval or crossing procedure, parity, not priority, is afforded to assigned ROTs. Priority for assigned ROTs is also based on the need to offset the obligations of assigned ROTs. The Exchange has also proposed to limit the ability of traditional option ROTs and Specialists to trade customized options, by requiring assignment in order to participate.

The Exchange believes that assignment of ROTs with respect to customized options serves to ensure that these ROTs are qualified in terms of financial requirements, to encourage and monitor that each customized option has two assigned ROTs, and to offset the more substantial market making obligations associated with customized options. The absence of the customized option market making obligation implies that the benefits of market maker status, including favorable margin treatment, should not be extended to non-assigned ROTs. The Exchange believes that non-assigned market makers should not be permitted to participate as ROTs, because the viability of customized options is in the market making response, which the Exchange believes would be enhanced by affording exclusivity to assigned ROTs. The Exchange believes that these enhancements and this exclusivity are both reasonable and necessary to the liquidity of customized options. The Exchange notes that non-assigned ROTs may nevertheless trade customized options as customers through a qualified Floor Broker.

The Exchange believes that 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, as well as to protect investors and the public interest, in creating a customized options trading procedure in proposed Rule 1069A to enable the trading of flexible index and equity options. The Exchange believes that the proposed trading procedure should

<sup>12</sup> However, positions in P.M.-settled customized index options shall be aggregated with positions in quarterly expiring options ("QIXs") on the same index, if the customized option expires at the close of trading on or within two business days of the last trading day in a quarter. The Exchange is authorized to trade QIXs pursuant to Rule 1101A(b)(iv), although none currently trade.

<sup>13</sup> See Phlx Rule 703.

<sup>14</sup> See e.g., CBOE Rule 24A.6.

<sup>15</sup> See, e.g., CBOE Rule 24A.4(d)(ii).

<sup>16</sup> See, *supra* note 10.

<sup>17</sup> Pursuant to CBOE Rule 24A.5(e)(iii), Submitting Members representing index FLEX crosses are entitled to a one-half split on the BBO and a two-thirds split if improving the BBO.

<sup>18</sup> See e.g., CBOE Rule 24A.5(d) (i) and (ii).

ensure that just and equitable principles of trade govern customized options trading. The Exchange also believes that the financial requirements and assigned ROT obligations should promote liquidity, and thus, the protection of investors trading customized options.

#### *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. 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 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 Phlx. All submissions should refer to File No. SR-Phlx-96-08 and should be submitted by April 29, 1996.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>19</sup>

Margaret H. McFarland,

*Deputy Secretary.*

[FR Doc. 96-8551 Filed 4-5-96; 8:45 am]

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### **SOCIAL SECURITY ADMINISTRATION**

#### **Statement of Organization, Functions and Delegations of Authority**

This statement amends part S of the Statement of the Organization, Functions and Delegations of Authority which covers the Social Security Administration (SSA). Chapter S4 Covers the Deputy Commissioner for Systems. Notice is given that subchapter S4K, the Office of Information Management (OIM) and Subchapter S4E, the Office of Systems Operations (OSO) are being amended to reflect minor division level functional realignments. This notice also reflects minor organizational changes within the Office of Finance (OF) (S1NC) which is in the Office of the Deputy Commissioner for Finance, Assessment and Management (DCFAM) (S1). The changes are as follows:

#### *Section S4K.20 The Office of Information Management—(Functions):*

D. Division of Information Resource Management (S4KB).

Amend to read as follows:

1. Plans, implements, integrates and supports Office Automation (OA) software functions at SSA and is responsible for development and dissemination of OA software acquisition and utilization policies, standards, guidelines and procedures.

2. Delivers problem resolution and technical advisory support agency-wide to all SSA users of Commercial-Off-the-shelf (COTS) Office Automation software and SSA developed OA applications. Acquires COTS Office Automation software for all SSA users.

3. Monitors Office Automation Technology trends and maintains current information on OA software and hardware tools and techniques.

4. Supports the SSA user community with Office Automation applications engineering services in requirements analysis, system design, development, implementation and training.

5. Provides the justification, preparation, acquisition and management of contracts for OA/end-user computing/MI hardware, software and support services.

6. Supports the SSA user community in Office Automation software procurement and small purchases.

7. Operates, enhances and provides technical support for the OIM local area network (LAN).

8. Provides systems configuration control and human/fiscal/physical resource management support for OIM development, maintenance and staff functions and responsibilities.

F. Division of Information Systems Policy and Administration (S4KC). Amend to read as follows:

1. Plans, designs, develops, and implements all Administrative and Management Information Data Bases.

2. Provides for the establishment, issuance and enforcement of Data Administration and Data Base Administration strategies and standards for Administrative/Management Information Systems Architecture (ISA).

3. Establishes, enforces and implements procedures to ensure security procedures are followed and authorized access is granted to Administrative and Management Information data base/files.

4. Serves as the focal point for strategic and tactical level planning, management and maintenance of Computer-aided Software Engineering (CASE) and related software development tools used in the development of Admin/MI systems. This includes budget formulation and management of related Information Technology Systems (ITS) Special Expense Items (SEI's), and technical planning and management of related ITS acquisitions. Maintenance of OIM's inventory of such CASE and software development tools is included. Prepares, maintains and enforces appropriate standards, procedures and guidelines for the use of CASE and other software development tools in the Admin/MI area.

5. Plans, analyzes, designs, develops, builds and maintains logical and physical data models with Admin/MI applications support software to facilitate the integration of data across applications.

6. Plans, develops, maintains and coordinates the strategic plans for SSA's ADMIN/MI Information Systems Architecture and the transition of new data base and data access technologies into the architecture.

7. Plans, analyzes, designs, develops and maintains the central repository containing information about all of SSA's Admin/MI applications. Responsibilities include developing and implementing repository policies, standards, guidelines, automated access, information dissemination and update.

<sup>19</sup> 17 CFR 200.30-3(a)(12).