

the procedural rights of Exchange members and others from whom information or testimony is requested. The rule would provide the Exchange with the authority to seek cooperation by certain persons with respect to inquiries and investigations resulting from regulatory agreements between the Exchange and other self-regulatory organizations and associations while explicitly providing any person or entity required to furnish information or testimony pursuant to the rule with the same procedural rights that they would have if the request was pursuant to an Exchange initiated inquiry or investigation.¹³

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁴ that the proposed rule change (SR-NYSE-95-43) is approved.

For the Commission, by the Division of Market Relation, pursuant to delegated authority.¹⁵

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[Release No. 34-37472; File No. SR-Phlx-96-28]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc., Relating to the Listing of Hybrid Securities

July 23, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on July 19, 1996, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II 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 Exchange is proposing to amend Phlx Rule 803(f) in order to conform the Exchange's listing criteria for hybrid securities to those of the New York Stock Exchange ("NYSE") and the American Stock Exchange ("Amex").

The text of the proposed rule change is available at the Exchange and 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 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

1. Purpose

In March 1992, the Commission approved the adoption of subsection (f) under Phlx Rule 803 containing guidelines for listing securities that have features common to both equity and debt securities, yet do not fit within the traditional definitions of such securities.² Sometimes referred to as "hybrids," these securities can take a variety of forms. Although the Exchange has not listed any hybrid securities to date, it does trade certain ones pursuant to unlisted trading privileges ("UTP");³ for example, PERCS and trust convertible preferred securities.

In reviewing its hybrid security listing rules, the Exchange noticed that certain provisions which initially were also included in the NYSE and Amex rules have since been removed. Because the Exchange may in the future trade other hybrid securities listed on either the NYSE or the Amex pursuant to UTP, the Exchange believes it is unnecessary for its rules to be more onerous than those of the NYSE or the Amex. Accordingly, the Phlx seeks to conform its rules therewith.

Phlx Rule 803(f) currently specifies the minimum issuer qualifications, the minimum public distribution and

aggregate market value of the security and other criteria to assist the Exchange in its case by case review and determination of the suitability of each security prior to its approval for listing. The Exchange now proposes to remove current provisions that prohibit the listing of (1) any cash settled product that is settled in any currency other than U.S. dollars, or (2) any product that has a mandatory redemption price of less than three dollars.⁴ Additionally, the Exchange proposes to delete the provision requiring only 100 public holders if the security is traded in thousand dollar denominations, thereby requiring 400 holders regardless of the denomination.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act in general and furthers the objectives of Section 6(b) in particular in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest in that it conforms the Exchange's listing standards for hybrid securities to those of the NYSE and the Amex.

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

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

Because the foregoing proposed rule change: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; (3) does not become operative for 30 days from July 19, 1996, the date on which it was filed, and (4) the Exchange provided the Commission with written notice of its intent to file the proposed rule change at least five business days prior to the filing date, it has become effective pursuant to Section 19(b)(3)(A)

² See Securities Exchange Act Release No. 30466 (March 11, 1992), 57 FR 9301 (March 17, 1992). At the time the rule was approved, it was denoted as Supplementary Material .02 to Rule 803 and was subsequently reapproved in the same form as renumbered subsection (f) when the Exchange's two tiered listing standards were approved. See Securities Exchange Act Release No. 34235 (June 17, 1994), 59 FR 32736 (June 24, 1994).

³ Rule 12f-5 under the Act provides that an exchange must have in effect rules providing for transactions in the class of type of security to which it extends unlisted trading privileges.

⁴ The Commission recently approved similar amendments to Amex's rules. See Securities Exchange Act Release No. 37165 (May 3, 1996), 61 FR 21215 (May 9, 1996).

¹³ Telephone conversation, *supra* note 7.

¹⁴ 15 U.S.C. § 78s(b)(2).

¹⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

of the Act ⁵ and Rule 19b-4(e)(6) thereunder.⁶

The Commission notes that although it is reasonable for the Exchange to remove the affected provisions as mandatory listing standards,⁷ proposals that deviated from these standards might raise novel or significant regulatory issues that would require a proposed rule change to list the product.⁸

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. 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 also will be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-Phlx-96-28 and should be submitted by August 21, 1996.

⁵ 15 U.S.C. 78s(b)(3)(A).

⁶ 17 CFR 240.19b-4(e)(6).

⁷ The affected provisions currently prevent the listing of (1) any cash settled product settled in any currency other than U.S. dollars or (2) any product that had a mandatory redemption price of less than three dollars.

⁸ See e.g., Securities Exchange Act Release No. 27753 (March 1, 1990), 55 FR 8626 (March 8, 1990) (order approving File-No. SR-Amex-89-29). For example, a stock index-linked note that was payable in a foreign currency would raise important regulatory issues among which might include the need to address appropriate product term and risk disclosure, customer suitability, and settlement procedures. Accordingly, the Commission expects the Phlx to consult with it on the need to file a Section 19(b) rule change to list a product with such terms under the Rule 803(f) listing standards.

⁹ 17 CFR 220.30-3(a)(12).

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland,

Deputy Secretary.

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SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster Loan Area #2876]

Minnesota; (And Contiguous Counties in North Dakota); Declaration of Disaster Loan Area

Marshall County and the contiguous counties of Beltrami, Kittson, Pennington, Polk, and Roseau in Minnesota, and Grand Forks, Pembina, and Walsh Counties in North Dakota constitute a disaster area as a result of damages caused by flooding which occurred May 17 and 18, 1996. Applications for loans for physical damage may be filed until the close of business on September 20, 1996 and for economic injury until the close of business on April 22, 1997 at the address listed below:

U.S. Small Business Administration,
Disaster Area 2 Office, One Baltimore Place, Suite 300, Atlanta, GA 30308
or other locally announced locations.

The interest rates are:

	Percent
For Physical Damage:	
Homeowners with credit available elsewhere	7.625
Homeowners without credit available elsewhere	3.875
Businesses with credit available elsewhere	8.000
Businesses and non-profit organizations without credit available elsewhere	4.000
Others (including non-profit organizations) with credit available elsewhere	7.125
For Economic Injury:	
Businesses and small agricultural cooperatives without credit available elsewhere	4.000

The numbers assigned to this disaster for physical damage are 287606 for Minnesota and 287706 for North Dakota. For economic injury the numbers are 897100 for Minnesota and 897200 for North Dakota.

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

Dated: July 22, 1996.

Ginger Lew,

Acting Administrator.

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[Declaration of Disaster Loan Area # 2875]

North Carolina; Declaration of Disaster Loan Area

As a result of the President's major disaster declaration on July 18, 1996, and an amendment thereto on July 22, I find that Beaufort, Brunswick, Carteret, Craven, Duplin, Hyde, Jones, Lenoir, New Hanover, Onslow, Pender, and Pitt Counties in the State of North Carolina constitute a disaster area due to damages caused by severe storms, high wind, flooding, and related effects of Hurricane Bertha which occurred July 10-13, 1996. Applications for loans for physical damages may be filed until the close of business on September 16, 1996, and for loans for economic injury until the close of business on April 18, 1997, at the address listed below:

U.S. Small Business Administration,
Disaster Area 2 Office, One Baltimore Place, Suite 300, Atlanta, GA 30308

or other locally announced locations. In addition, applications for economic injury loans from small businesses located in the following contiguous counties may be filed until the specified date at the above location: Bladen, Columbus, Dare, Edgecombe, Greene, Martin, Pamlico, Sampson, Tyrrell, Washington, Wayne, and Wilson Counties in North Carolina, and Horry County in South Carolina.

Interest rates are:

	Percent
For Physical Damage:	
Homeowners with credit available elsewhere	7.625
Homeowners without credit available elsewhere	3.875
Businesses with credit available elsewhere	8.000
Businesses and non-profit organizations without credit available elsewhere	4.000
Others (including non-profit organizations) with credit available elsewhere	7.125
For Economic Injury:	
Businesses and small agricultural cooperatives without credit available elsewhere	4.000

The number assigned to this disaster for physical damage is 287508. For economic injury the numbers are 896900 for North Carolina, and 897000 for South Carolina.

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