

work towards quickly establishing a linkage between the CHX systems and Nasdaq systems in order to permit market makers in each market to route orders to the other market center.<sup>19</sup> Consequently, the Commission is approving the CHX proposal for only one year, during which time the Commission expects the CHX and Nasdaq to effectuate a linkage. The Commission also expects the CHX to monitor closely the executions provided to CHX market and marketable limit orders for Nasdaq/NM securities that are not automatically executed at the NBBO (or better) at the time the order is received. The Commission further requests that the Exchange submit to the Commission a report, based on six months of trading data, on or before 240 days following the issuance of this order, that describes the executions provided these orders.

The Commission is approving the CHX proposal on a pilot basis for a one-year period beginning in January 1997 and extending through December 1997. The Commission's approval is based, in part, on CHX's expressed commitment to work in good faith with the Nasdaq, during the one-year pilot period, to set up an order routing system between the Nasdaq and the CHX.<sup>20</sup>

#### V. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>21</sup> that the proposed rule change (SR-CHX-96-16) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>22</sup>

Margaret H. McFarland,  
Deputy Secretary.

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[Release no. 34-38120; File No. SR-Philadep-96-22]

#### **Self-Regulatory Organizations; Philadelphia Depository Trust Company; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change to Establish Family of Account Processing Procedures**

January 3, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on

December 17, 1996, the Philadelphia Depository Trust Company ("Philadep") filed with the Securities and Exchange Commission ("Commission") that proposed rule change (File No. SR-Philadep-96-22) as described in Items I and II below, which items have been prepared primarily by Philadep. On December 31, 1996, Philadep filed an amendment to the proposed rule change to make certain technical corrections.<sup>2</sup> The Commission is publishing this notice and order to solicit comments from interested persons and to grant accelerated approval of the proposed rule change.

#### **I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change**

The purpose of the proposed rule change is to establish an automated family of accounts risk review for omnibus settlement accounts.

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

In its filing with the Commission, Philadep 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. Philadep has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.<sup>3</sup>

#### **(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 establish an automated family of accounts risk review for settlement activity in omnibus accounts. Philadep currently monitors individual subaccount activity underlying omnibus settling accounts and applies its risk management controls (i.e., collateral monitor and net debit caps) to such subaccounts in a manual fashion.<sup>4</sup> Philadep proposes to automate its risk

management procedures in this area by incorporating an automated family of accounts risk monitoring system. In accordance with this proposal, Philadep will apply this family of accounts system to its only omnibus account (Canadian Depository for Securities) and to any future omnibus accounts.

The family of accounts risk monitoring system will group together the activity of subaccounts which underlie a participant's omnibus settlement account. The delivery and receive activity of individual subaccounts will be reviewed in connection with the omnibus account's aggregate net debit cap and collateral monitor. For each receive or delivery transaction, the system will update the omnibus account's settlement balance and will automatically calculate the net debit impact and the collateral monitor impact that the receive and/or delivery have on a group basis. In this regard, it a subaccount's receive or delivery, adjusted for the appropriate haircut and added or subtracted to or from the omnibus account's collateral monitor, results in the omnibus account's collateral monitor being less than the omnibus account's accumulated net debit amount, the receive or delivery will pend. As the settlement balance changes as a result of other activity, the system will continuously determine whether pending items may be processed. Receives and deliveries that are still pending by the settlement cutoff time will be dropped from the system.

Philadep believes the proposed rule change is consistent with Section 17A of the Act and the rules and regulations thereunder because the proposal will promote the prompt and accurate clearance and settlement of securities transactions and will assure the safeguarding securities and funds which are in the custody or control of Philadep or for which it is responsible.

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

Philadep 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 relating to the proposed rule change have been solicited or received. Philadep will notify the Commission of any written comments received by Philadep.

<sup>19</sup> See Amendment No. 1, *supra* note 3.

<sup>20</sup> *Id.*

<sup>21</sup> 15 U.S.C. 78s(b)(2).

<sup>22</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> Letter from J. Keith Kessel, Compliance Officer, Philadep (December 31, 1996).

<sup>3</sup> The Commission has modified the text of the summaries submitted by Philadep.

<sup>4</sup> For a description of Philadep's risk management controls for its same-day funds settlement ("SDFS") system, refer to Securities Exchange Act Release no. 36876 (February 22, 1996), 61 FR 7841 [SR-Philadep-95-08] (order granting partial temporary approval and partial permanent approval of a proposed rule change to convert the settlement system to a same-day funds settlement systems).

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

Section 17A(b) (3) (F) of the Act<sup>5</sup> requires that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. The Commission believes that Philadep's proposal relating to its family of accounts risk monitoring procedures are consistent with Philadep's obligations under Section 17A(b) (3) (F) because the proposed rule change will establish an automated risk review system to ensure that risk management controls are properly applied to transactions in omnibus accounts. Additionally, the Commission believes the proposal is consistent with Philadep's obligations under Section 17A(b) (3) (F) to promote the prompt and accurate clearance and settlement of securities transactions because the proposed rule change will automate a risk review procedure which is currently performed manually, therefore, improving the efficiency of Philadep's SDFS system.

Philadep has requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing. The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing because the proposed rule change will allow Philadep to immediately implement the family of account risk monitoring procedures. The Commission believes that the automation of Philadep's manual risk review procedures for omnibus accounts will reduce the risk of human error and will increase the efficiency of Philadep's SDFS system with respect to omnibus accounts.<sup>6</sup>

### 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, N.W., 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 Room, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of Philadep. All submissions should refer to the file number SR-Philadep-96-22 and should be submitted by February 3, 1997.

*It is therefore ordered*, pursuant to Section 19(b) (2) of the Act, that the proposed rule change (File No. SR-Philadep-96-22) be, and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

Margaret H. McFarland,

*Deputy Secretary.*

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## SOCIAL SECURITY ADMINISTRATION

### [Social Security Acquiescence Ruling 97-2(9)]

#### **Gamble v. Chater; Amputation of a Lower Extremity—When the Inability to Afford the Cost of a Prosthesis Meets the Requirements of Section 1.10C of the Listing of Impairments—Titles II and XVI of the Social Security Act**

**AGENCY:** Social Security Administration.

**ACTION:** Notice of Social Security Acquiescence Ruling.

**SUMMARY:** In accordance with 20 CFR 422.406(b)(2), the Commissioner of Social Security gives notice of Social Security Acquiescence Ruling 97-2(9).

**EFFECTIVE DATE:** January 13, 1997.

#### **FOR FURTHER INFORMATION CONTACT:**

Gary Sargent, Litigation Staff, Social Security Administration, 6401 Security Boulevard, Baltimore, MD 21235, (410) 965-1695.

**SUPPLEMENTARY INFORMATION:** Although not required to do so pursuant to 5 U.S.C. 552(a)(1) and (a)(2), we are publishing this Social Security Acquiescence Ruling in accordance with 20 CFR 422.406(b)(2).

A Social Security Acquiescence Ruling explains how we will apply a holding in a decision of a United States Court of Appeals that we determine conflicts with our interpretation of a provision of the Social Security Act (the Act) or regulations when the Government has decided not to seek further review of that decision or is unsuccessful on further review.

We will apply the holding of the Court of Appeals decision as explained in this Social Security Acquiescence Ruling to claims at all levels of administrative adjudication within the Ninth Circuit. This Social Security Acquiescence Ruling will apply to all determinations and decisions made on or after January 13, 1997. If we made a determination or decision on your application for benefits between October 12, 1995, the date of the Court of Appeals decision, and January 13, 1997, the effective date of this Social Security Acquiescence Ruling, you may request application of the Ruling to your claim if you first demonstrate, pursuant to 20 CFR 404.985(b) or 416.1485(b), that application of the Ruling could change our prior determination or decision.

If this Social Security Acquiescence Ruling is later rescinded as obsolete, we will publish a notice in the Federal Register to that effect as provided for in 20 CFR 404.985(e) and 416.1485(e). If we decide to relitigate the issue covered by this Social Security Acquiescence Ruling as provided for by 20 CFR 404.985(c) and 416.1485(c), we will publish a notice in the Federal Register stating that we will apply our interpretation of the Act or regulations involved and explaining why we have decided to relitigate the issue.

(Catalog of Federal Domestic Assistance Program Nos. 96.001 Social Security - Disability Insurance; 96.002 Social Security - Retirement Insurance; 96.004 Social Security - Survivors Insurance; 96.005 Special Benefits for Disabled Coal Miners; 96.006 Supplemental Security Income.)

Dated: October 15, 1996.

Shirley S. Chater,

*Commissioner of Social Security.*

### Acquiescence Ruling 97-2(9)

*Gamble v. Chater*, 68 F.3d 319 (9th Cir. 1995)—Amputation of a Lower Extremity—When the Inability to Afford the Cost of a Prosthesis Meets the Requirements of Section 1.10C of the Listing of Impairments—Titles II and XVI of the Social Security Act.

**Issue:** Whether a claimant for disability insurance benefits or for Supplemental Security Income benefits based on disability who has an amputation of a lower extremity (at or

<sup>5</sup> 15 U.S.C. 78q-1(b) (3) (F).

<sup>6</sup> The staff of the Board of Governors of the Federal Reserve System has concurred with the Commission's granting of accelerated approval. Telephone conversation between John Rudolph, Board of Governors of the Federal Reserve System, and Chris Concannon, Staff Attorney, Division of Market Regulation, Commission (January 3, 1997).

<sup>7</sup> 17 CFR 200.30-3(a) (12).