

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38821; File No. SR-PCX-97-27]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Pacific Exchange, Inc. Relating to the Addition of a Public Governor to Its Board of Governors and Permitting an Additional Public Governor To Serve on the Executive Committee

July 8, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 27, 1997, the Pacific Exchange ("PCX" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") 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

PCX is proposing to amend Sections 1(a) and 6 of Article II and Section 2(a) of Article III of its Constitution so that another individual from the public sector may serve on the Board of Governors and to permit an additional public governor to serve on the Executive Committee for the Exchange.

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

Purpose

The purpose of the proposed rule change is to add one additional public governor to the Board. This additional public governor would broaden the representation on the Board and would add another outside dimension to the Board, thereby adding to its depth. Furthermore, the proposed rule change would also permit another public governor to serve on the Executive Committee for additional outside input in the administration of the Exchange.

This proposed rule change reflects some sentiment in the industry, including from Commission Chairman Arthur Levitt, to increase public presence on exchange boards. This proposed rule change will bring the PCX Board up to seven public governors on the twenty-two person Board. Also, the Executive Committee will now have two public governors as opposed to its single public participant prior to these proposed rule changes. These additions will add valuable input and insight at the highest levels of the administration of the PCX. Also, the proposed rule change contains an alteration to the text of Section 2(a), Article III to make it gender neutral.

Basis

The proposed rule change is consistent with Section 6(b) of the Act, in general, and Section 6(b)(5), in particular, in that it is designed to promote just and equitable principles of trade and to protect the investors and the public interest.

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

The Exchange does not believe that the proposed rule change will 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

Written comments on the proposed rule change were neither solicited nor received.

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

Within 35 days of the date of the 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 self-regulatory organization 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, N.W., Washington, D.C. 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 the PCX. All submissions should refer to File No. SR-PCX-97-27 and should be submitted by August 6, 1997.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-18606 Filed 7-15-97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38825; File No. SR-Phlx-97-29]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Amendments to Phlx's Tier I Listing and Maintenance Standards

July 9, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,²

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

¹ 15 U.S.C. § 78s(b)(1).

² 17 CFR 240.19b-4.

notice is hereby given that on June 25, 1997, 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, 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 Exchange proposes to amend Exchange Rules 803 and 810 regarding Tier I security listing and maintenance standards in order to: (a) add a term limit and minimum distribution/aggregate market value listing requirement for index and currency warrants in Rule 803(e); (b) increase the pre-tax income listing requirement for "other securities" from \$100,000 in three of the four prior fiscal years" to "\$750,000 in its last fiscal year or in two of its last three fiscal years" in Rule 803(f); and (c) add maintenance standards for bonds, notes and debentures in Rule 810(a). The text of the proposed rule change is available at the Office of the Secretary, Phlx, and at 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 October, 1996, the National Securities Markets Improvement Act of 1996³ was signed into law. Among other provisions, the law amended Section 18 of the Securities Act of 1933 ("Securities Act")⁴ to provide for exclusive federal registration (and

preemption of state blue sky laws) for "covered securities" which are those securities listed on the New York Stock Exchange ("NYSE"), American Stock Exchange ("Amex") or the National Market System of the Nasdaq Stock Market ("Nasdaq/NMS") or on any other national securities exchange designated by the Commission to have substantially similar listing standards to those markets. On March 31, 1997, the Phlx petitioned the Commission to adopt a rule that would find Phlx Tier I listing standards to be substantially similar to those of the NYSE, Amex or Nasdaq/NMS and therefore entitle its listed Tier I securities to be considered covered securities.

The Commission recently proposed Rule 146(b) under Section 19 of the Securities Act which would designate certain securities as "covered securities" for purposes of this federal registration scheme.⁵ In order for the Commission to designate the Phlx's Tier I securities as covered securities, it must first determine that its Tier I listing and maintenance standards are substantially similar to those of either the NYSE, Amex or Nasdaq/NMS. The Commission has noted that it preliminarily believes that the Phlx's Tier I standards differ in three areas from those of the NYSE, Amex, or Nasdaq/NMS. Pursuant to this filing, the Phlx is amending its rules to make them substantially similar to those of the Amex in those three specified areas as set forth below.

First, Phlx Rule 803(e) would be amended to adopt additional listing standards for index warrants, currency warrants and currency index warrants. New subsection (2) would require that the warrants have a term of between one and five years from the date of issuance. New subsection (3) would impose a minimum public distribution and market value requirement of 1,000,000 warrants with at least 400 public warrant holders and a minimum aggregate market value of \$4,000,000.⁶

Second, the pre-tax income requirement for "other securities" in Rule 803(f)(2) would be increased from "\$100,000 in three of the four prior fiscal years" to "\$750,000 in its last fiscal year or in two of its last three fiscal years."⁷ Other securities are hybrid securities which have features common to both equity and debt

securities, yet do not fit within the traditional definitions of either.

Finally, Exchange Rule 810(a) which contains the maintenance standards for Tier I securities will be amended to add subsection (5) to add maintenance standards for bonds, notes and debentures. The rule will require that debt securities maintain an aggregate market value or principal amount of the bonds that are publicly held of \$400,000 and the issuer to be able to meet its obligations in the listed debt securities. Also, for any debt security convertible into a listed equity security, the debt security will be reviewed when the underlying equity security is delisted and will be delisted when the underlying equity security is no longer subject to real-time trade reporting in the United States. In addition, if common stock is delisted for violation of any of the corporate governance criteria in Exchange Rules 812 through 899, the Exchange will also delist any listed debt securities convertible into that common stock.⁸

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6 of the Act⁹ in general, and in particular, with Section 6(b)(5),¹⁰ in that it is designed to promote just and equitable principles of trade, prevent fraudulent and manipulative acts and practices, to 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, as well as to protect investors and the public interest by assuring that securities listed on the Phlx pursuant to its Tier I listing standards, which will no longer be subject to state blue sky laws, will not be any less onerous than similar securities listed on the NYSE, Amex or Nasdaq/NMS.

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.

⁵ Securities Exchange Act Release No. 38728, Securities Act Release No. 7422 (June 10, 1997).

⁶ These provisions are similar to Sections 106(b) and (c) of the Amex Company Guide.

⁷ This provision is similar to Section 107 and, by reference, Section 101(b) of the Amex Company Guide.

⁸ These provisions are similar to Section 1003(b)(iii) and (e) of the Amex Company Guide.

⁹ 15 U.S.C. § 78f.

¹⁰ 15 U.S.C. § 78f(b).

³ Pub. L. No. 104-290, Stat. 3416 (1996).

⁴ 15 U.S.C. 77s.

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 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 of (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, N.W., Washington, D.C. 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 Room. 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-Phlx-97-29 and should be submitted by August 6, 1997.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-18611 Filed 7-15-97; 8:45 am]

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SOCIAL SECURITY ADMINISTRATION

Testing Modifications to the Disability Determination Procedures; Test Sites for Single Decisionmaker Model

AGENCY: Social Security Administration.

ACTION: Notice of additional test sites and the duration of tests involving a single decisionmaker.

SUMMARY: The Social Security Administration is announcing the locations and the duration of additional tests that it will conduct under the current rules at 20 CFR §§ 404.906 and 416.1406. Those rules authorize the testing of several modifications to the disability determination procedures that we normally follow in adjudicating claims for disability insurance benefits under title II of the Social Security Act (the Act) and claims for supplemental security income (SSI) payments based on disability under title XVI of the Act. This notice announces the test sites and duration of additional tests involving use of a single decisionmaker who may make the initial disability determination without requiring the signature of a medical consultant.

FOR FURTHER INFORMATION CONTACT: Mark O'Donnell, SDM Test Leader, Office of the Commissioner, Disability Process Redesign Team, Social Security Administration, 6401 Security Boulevard, Baltimore, Maryland, 21235, 410-966-8336.

SUPPLEMENTARY INFORMATION: Current regulations at §§ 404.906, 404.943, 416.1406, and 416.1443 authorize us to test different modifications to the disability determination procedures. The tests are designed to provide us with information so that we can determine the effectiveness of the models in improving the disability process. In our regulations we explained that prior to commencing each test or group of tests, we would publish a notice in the **Federal Register** describing the model(s) that we will test, where the test sites will be and the duration of the tests. On May 3, 1996, we announced the first phase of testing of the single decisionmaker model (61 FR 19969). This test was conducted at ten sites in eight States wherein test cases were selected for a period of six months. On March 14, 1997, we announced the continuation of testing at one of those ten test sites, and the duration of the continuation of the test in that site (62 FR 12264). On or about July 15, 1997, we will begin additional testing of the single decisionmaker model in the test sites listed below. The sites listed below include the site in which we previously announced the

continuation of the test of the single decisionmaker model on March 14, 1997. This notice extends the duration of that test for the period indicated below. Under this model, a single decisionmaker may make initial disability determinations without generally requiring a medical consultant to sign the disability determination forms that we use to certify the determination. We will select cases for evaluation of these tests for up to 18 months, and may continue to have cases processed for an additional six to eight months thereafter. We plan to test the use of a single decisionmaker in 30 sites located in 15 states. The sites selected represent a mix of geographic areas and case loads. We will publish another notice in the **Federal Register** if we extend the duration of the test or expand further the test sites. For the purpose of these tests, the single decisionmaker will be an employee of the State agency that makes disability determinations for us. The decisionmaker will make the initial disability determination after any appropriate consultation with a medical consultant. However, before an initial determination is made that a claimant is not disabled in any case in which the existence of a mental impairment is indicated, the decisionmaker will make every reasonable effort to ensure that a qualified psychiatrist or psychologist has completed the medical portion of the case review and any applicable residual functional capacity assessment pursuant to our existing procedures. Similarly, in making a determination with respect to the disability of an individual under age 18 applying for SSI payments based on disability, the decisionmaker will make reasonable efforts to ensure that a qualified pediatrician or other individual who specializes in a field of medicine appropriate to the child's impairment(s) evaluates the claim. The testing of the single decisionmaker model listed below are separate from, and in addition to, the testing of the Full Process Model—of which the Single Decisionmaker Model is also a part—and which we previously announced on April 4, 1997 (62 FR 16209, 62 FR 16210). Tests of the Single Decisionmaker Model will be held at the following locations:

State of Alaska

Division of Vocational Rehabilitation,
Disability Determination Unit, 701
East Tudor Road, Suite 250,
Anchorage, AK 99503-7498

¹¹ 17 CFR 200.30-3(a)(12).