

[Release No. 34-38207; File No. SR-PHLX-97-02]

Self-Regulatory Organizations; Notice of Filing of and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Proposing to List and Trade Options and LEAPS on the PHLX Oil Service Index

January 27, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, 15 U.S.C. 78s(b)(1), notice is hereby given that on January 22, 1997, the Philadelphia Stock Exchange Inc. 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.¹ 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 Philadelphia Stock Exchange, Inc. ("PHLX" or the "Exchange") pursuant to Rule 19b-4 of the Securities Exchange Act of 1934 ("Act") proposes to list and trade options and LEAPS on the PHLX Oil Service Index ("Oil Service Index" or "Index") composed of the stocks of 15 corporations involved in the oil service industry.

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 its 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 proposed rule change is to list for trading European style options on the PHLX Oil Service Index, a new index developed by the Exchange. The Oil Service Index is comprised of 15 companies operating in the oil service industry. The companies included within the index provide drilling and production services, oil field equipment, onshore and offshore drilling and support services and geophysical/reservoir services.² The Exchange also represents that the Oil Service Index meets the generic criteria for listing options on narrow-based indexes as set forth in PHLX Rule 1009A. Accordingly, the Exchange is submitting this proposed rule change pursuant to and in accordance with the procedures set forth in the Commission's generic index approval order³ and the PHLX proposes to list and trade options on the Index no sooner than 30 days after the filing date of this proposed rule change.

Ticker Symbol: OSX.

Settlement Value Symbol: OSV.

$$\frac{SP_1 + SP_2 + \dots + SP_{17}}{\text{divisor}} \times 100$$

Where:

SP- current stock price

divisor = number of stocks in the index

Index Maintenance: To maintain the continuity of the Index, the divisor will be adjusted to reflect non-market changes in the price of the component securities as well as changes in the composition of the index. Changes which may result in divisor adjustments include but are not limited to stock splits, dividends, spin-offs, certain

rights issuances and mergers and acquisitions.

The Exchange shall maintain the index in accordance with the Generic Index Approval Order.⁴ If the Index fails at any time to satisfy the maintenance criteria set forth in the Generic Index Approval Order, the Exchange will immediately notify the Commission of that fact and will not open for trading any additional series of options on the Index unless failure is determined by

Underlying Index: The PHLX Oil Service Index is a price weighted index composed of 15 stocks from the Oil Service industry that are traded on either in the New York Stock Exchange ("NYSE") or the NASDAQ market ("NASDAQ"), and are, therefore, reported securities as defined in Rule 11Aa3-1 under the Act. Further, they all presently meet the Exchange's listing criteria for equity options contained in PHLX Rule 1009 and are currently the subject of listed options on U.S. options exchanges.

As of December 23, 1996, the market capitalization of all stocks in the index exceeded \$60 billion and such individual capitalizations ranged from \$392 million to \$25 billion. All 15 component issues in the Index had monthly trading volumes in excess of one million shares over each of the past six months from July through December 1996. Accordingly, the Exchange represents that with respect to the criteria for market capitalization and trading volume, the Index satisfies the generic listing standards as stated in PHLX Rule 1009A. Further, the largest single component represents 16.6% of the weight of the index and the five highest weighted components do not in the aggregate account for more than 60% of the weight of the index. The value of the index is set at 75 as of December 31, 1996.

Index Calculation: The Index is a price weighted index. To compute the Oil Service Index, the following formula would be used:

the Exchange not to be significant and the Commission concurs in that determination or unless the continued listing of options on the PHLX Oil Service Index has been approved by the Commission under Section 19(b)(2) of the Act. In addition to not opening for trading any additional series, the Exchange may, in consultation with the Commission, prohibit opening purchase transactions in series of options

¹ On January 24, 1997, the Exchange filed with the Commission an amendment ("Amendment No. 1") to the proposed rule change. The amendment, among other things, clarifies what actions the Exchange may take in consultation with the Commission in the event that the Index fails to meet certain maintenance criteria. Letter from Nandita

Yagnik, Esq., New Product Development, PHLX, to Janet Russell-Hunter, Esq., Special Counsel, Office of Market Supervision, Division of Market Regulation, SEC, dated January 23, 1997.

² A list of the specific issues together with their number of shares and percentage in the Oil Service

Index as of December 23, 1996 is attached to the filing as Exhibit B.

³ Securities exchange Act Release No. 34157 (June 3, 1994), 59 FR 30062 ("Generic Index Approval Order").

⁴ *Supra* note 3.

previously opened for trading. (e.g., PHLX Rule 1010).

Absent Commission approval, the Exchange will not increase the number of components to more than 20 or decrease the number to fewer than 10, and in no event will the Exchange decrease the number of components within the index to less than nine components. The PHLX will not make any change in the composition of the Index that would cause fewer than 90% of the stocks, by weight or fewer than 80% of the total number of stocks in the index to qualify as stocks eligible for equity options trading under PHLX Rule 1009. The Exchange represents that only U.S. companies are represented in the Oil Service Index. However, if non-U.S. components (stocks or American Depositary Receipts) are added that are not subject to comprehensive surveillance sharing agreements between the PHLX and the primary exchange on which the components are traded, those components will account for no more than 20% of the index by weight.

The PHLX Oil Service Index value will be disseminated every 15 seconds during the trading day. The PHLX has retained Bridge Data Inc. to compute and to do all necessary maintenance of the Index.⁵ Pursuant to PHLX Rule 1100A, updated Index values will be disseminated and displayed by means of primary market prints reported by the Consolidated Tape Association and over the facilities of the Options Price Reporting Authority. The Index value will also be available on broker-dealer interrogation devices to subscribers of the options information.

Unit of Trading: Each options contract will represent \$100, the index multiplier, times the Index value. For example, an Index value of 200 will result in an option contract value of \$20,000 (100 x 200).

Exercise Price: The Exercise prices will be set in accordance with PHLX Rule 1101A(a).

Settlement Value: The Index value for purposes of setting outstanding Index options and Index LEAPS contracts upon expiration will be calculated based upon the regular way opening sale prices for each of the Index's component stocks in their primary market on the last trading day prior to expiration. In the case of the National Market Securities traded through NASDAQ, the first reported sale price

will be used for the final settlement value for expiring Index options contracts. If any of the component stocks do not open for trading on the last trading day before expiration, then the settlement value will be determined in accordance with the by-laws and rules of the Options Clearing Corporation ("OCC").⁶

Last Trading Day: The last trading day will be the Thursday prior to the third Friday of the month for options which expire on the Saturday following the third Friday of that month.

Trading Hours: 9:30 a.m. to 4:10 p.m. EST.

Position and Exercise Limits: The PHLX Oil Service Index is an industry index. The PHLX will employ position and exercise limits pursuant to PHLX Rules 1001A(b)(i) and 1002A, respectively. The position and exercise limits will, therefore, be 15,000 contracts.

Expiration Cycles: Three-months from the March, June, September, December cycle plus at least 2 additional near-term months. LEAPS will also be traded on the Index pursuant to PHLX Rule 1101A(b)(iii).

Exercise Style: Exercise style will be European.

Premium Quotations: Premiums will be expressed in terms of dollars and fractions of dollars pursuant to PHLX Rule 1033A. For example, a bid or offer of 1½ will represent a premium per options contract of \$150 (1½ x 100).

The options will be traded pursuant to current PHLX Rules governing the trading of index options (see, particularly, PHLX Rule 1000A through 1102A and generally PHLX Rules 1000 through 1072). The Exchange also represents that surveillance procedures currently used to monitor trading in index options will be applicable to this Index. These procedures include having complete access to trading activity in the underlying securities which are all traded on either the NYSE or NASDAQ. In addition, the Intermarket Surveillance Group Agreement ("ISG Agreement") dated July 14, 1983, as amended on January 29, 1990 will be

applicable to the trading of options on the Index.

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 free 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.

B. Self-Regulatory Organization's Statement on the 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 solicited or received at the time of the filing.

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

Because the foregoing rule change complies with the standards set forth in the Generic Index Approval Order,⁷ it has become effective pursuant to Section 19(b)(3)(A) of the Act and subparagraph (e) of Rule 19b-4 thereunder. Pursuant to the Generic Index Approval Order, the Exchange may not list Index options for trading prior to 30 days after the date that the amended proposed rule change was formally filed with the Commission. At any time within 60 days of the filing of such 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, N.W.,

⁵ Pending approval by the Commission, the PHLX proposes to utilize its own internal system's calculation of index values in certain circumstances. See SR-PHLX-96-36 Regarding Index Value Calculations by the Index Calculation Engine ("ICE") System.

⁶ The Commission notes that pursuant to Article XVII, Section 4 of the Options Clearing Corporation's ("OCC") by-laws, OCC is empowered to fix an exercise settlement amount in the event it determines a current index value is unreported or otherwise unavailable. Further, OCC has the authority to fix an exercise settlement amount whenever the primary market for the securities representing a substantial part of the value of an underlying index is not open for trading at the time when the current index value (i.e., the value used for exercise settlement purposes) ordinarily would be determined. See Securities Exchange Act Release No. 37315 (June 17, 1996), 61 FR 42671 (order approving SR-OCC-95-19).

⁷ *Supra* note 3.

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 Section, 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 at the PHLX. All submissions should refer to File No. SR-PHLX-97-02, and should be submitted by February 25, 1997.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-2629 Filed 2-3-97; 8:45 am]

BILLING CODE 8010-01-M

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster Loan Area #2923]

Nevada; Declaration of Disaster Loan Area (Amendment #1)

In accordance with notices from the Federal Emergency Management Agency, dated January 15 and 17, 1997, the above-numbered Declaration is hereby amended to include Mineral and Churchill Counties, including the Walker River Paiute tribal lands located in Lyon, Churchill, and Mineral Counties in the State of Nevada as a disaster area due to damages caused by severe storms, flooding, and mud and land slides. This declaration is further amended to establish the incident period for this disaster as beginning on December 20, 1996 and continuing through January 17, 1997.

In addition, applications for economic injury loans from small businesses located in the contiguous counties of Esmeralda, Lander and Nye in the State of Nevada may be filed until the specified date at the previously designated location.

All other information remains the same, i.e., the termination date for filing applications for physical damage is March 4, 1997, and for loans for economic injury the deadline is October 3, 1997.

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

Dated: January 23, 1997.

Bernard Kulik,
Associate Administrator for Disaster Assistance.

[FR Doc. 97-2741 Filed 2-3-97; 8:45 am]

BILLING CODE 8025-01-P

[Declaration of Disaster Loan Area #2918]

New York; Declaration of Disaster Loan Area, (Amendment #2)

In accordance with a notice from the Federal Emergency Management Agency, dated January 14, 1997, the above-numbered Declaration is hereby amended to include Tompkins County in the State of New York as a disaster area due to damages caused by severe thunderstorms, high winds, rain and flooding which occurred November 8-15, 1996.

In addition, applications for economic injury loans from small businesses located in the contiguous counties of Cayuga and Cortland in the State of New York may be filed until the specified date at the previously designated location.

All other information remains the same, i.e., the termination date for filing applications for physical damage is February 7, 1997, and for loans for economic injury the deadline is September 9, 1997.

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

Dated: January 23, 1997.

Bernard Kulik,
Associate Administrator for Disaster Assistance.

[FR Doc. 97-2740 Filed 2-3-97; 8:45 am]

BILLING CODE 8025-01-P

[Declaration of Disaster Loan Area #2927]

Washington; Declaration of Disaster Loan Area

As a result of the President's major disaster declaration on January 17, 1997, I find that King and Snohomish Counties in the State of Washington constitute a disaster area due to damages caused by winter storms, land and mud slides, and flooding beginning on December 26, 1996 and continuing. Applications for loans for physical damages may be filed until the close of business on March 18, 1997, and for loans for economic injury until the close of business on October 17, 1997 at the address listed below: U.S. Small Business Administration, Disaster Area 4 Office, P. O. Box 13795 Sacramento, CA 95853-4795, or other locally announced locations. In addition, applications for economic injury loans

from small businesses located in the contiguous counties of Chelan, Island, Kitsap, Kittitas, Pierce, Skagit, and Yakima in the State of Washington may be filed until the specified date at the above location.

Interest rates are:

	Percent
For Physical Damage:	
Homeowners with credit available elsewhere	8.000
Homeowners without credit available elsewhere	4.000
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	7.250
For Economic Injury:	
Businesses and small agricultural cooperatives without credit available elsewhere	4.000

The number assigned to this disaster for physical damage is 292711 and for economic injury the number is 935400.

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

Dated: January 23, 1997.

Bernard Kulik,
Associate Administrator for Disaster Assistance.

[FR Doc. 97-2742 Filed 2-3-97; 8:45 am]

BILLING CODE 8025-01-P

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Notice of Meeting of the Industry Sector Advisory Committee on Small and Minority Business (ISAC 14)

AGENCY: Office of the United States Trade Representative.

ACTION: Notice of meeting.

SUMMARY: The Industry Sector Advisory Committee on Small and Minority Business (ISAC 14) will hold a meeting on February 24, 1997 from 9:45 a.m. to 4:00 p.m. The meeting will be open to the public from 9:45 a.m. to 12:45 p.m.
DATES: The meeting is scheduled for February 24, 1997, unless otherwise notified.

ADDRESSES: The meeting will be held at the Department of Commerce in Room 4830, located at 14th Street and Constitution Avenue, NW., Washington, DC, unless otherwise notified.

FOR FURTHER INFORMATION CONTACT: Millie Sjoborg, Department of Commerce, 14th St. and Constitution Ave., NW., Washington, DC 20230, (202)