

Exchange proposes that trading may resume upon a determination by two Floor Officials that the conditions that led to the halt are no longer present or that the interests of a fair and orderly market are best served by a resumption of trading. Generally the Exchange will notify member firms and the news wire services of the resumption of trading.

2. Statutory Basis

The PCX believes the proposed rule change is consistent with Section 6(b)⁹ of the Act, in general, and furthers the objectives of Section 6(b)(5),¹⁰ in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities and, in general to protect investors and the public interest.

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

The PCX believes that the proposed rule change will impose no burden on competition.

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

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

III. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. 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 Room. 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-98-53 and should be submitted by January 14, 1999.

IV. Commission's Finding and Order Granting Accelerated Approval of Proposed Rule Change

The Commission finds, for the reasons set forth below, that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange and, in particular, with the requirements of Section 6(b)¹¹ of the Act. Specifically, the Commission believes the proposals is consistent with the Section 6(b)(5)¹² requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitation transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and national market system and, in general, to protect investors and the public.¹³

The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice thereof in the **Federal Register**. The Commission believes that approval of the proposal should enhance market efficiency by providing additional clarity to the Exchange's existing trading halt policy for options on individual equity securities. Furthermore, outlining conditions which require an option trading halt should help lessen confusion for market participants, thereby facilitating the maintenance of a fair and orderly market. The Commission notes that the proposed rule change should be particularly helpful during times of high volatility in the market. The Commission also notes that this proposal is similar to a proposal filed by CBOE on October 5, 1987. After the notice and comment period, the Commission approved CBOE's proposal.¹⁴

Given the Commission's prior approval of a similar proposal and the

immediate need to provide uniform guidelines for Exchange Floor Officials in handling trading halts and suspensions, the Commission deems it appropriate to approve the proposed rule change on an accelerated basis. The Commission believes it is consistent with Section 6(b)(5)¹⁵ and Section 19(b)(2)¹⁶ of the Act to grant accelerated approval to the proposed rule change.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR-PCX-98-53) is approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁷

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40806; File No. SR-PCX-98-58]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Pacific Exchange, Inc. to Terminate its Specialist Post Fee Waiver Program

December 18, 1998.

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 November 23, 1998, as amended on December 15, 1998,³ the Pacific Exchange, Inc. ("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 Exchange. 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 terminate its Specialist Post Fee Waiver Program.

¹⁵ 15 U.S.C. 78f(b)(5).

¹⁶ 15 U.S.C. 78s(b)(2).

¹⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Letter from Robert Pacileo, Staff Attorney, Regulatory Policy, PCX, to Richard Strasser, Assistant Director, Division of Market Regulation, Commission, dated December 14, 1998 ("Amendment No. 1"). Amendment No. 1 changed the PCX's justification for the proposed rule change's immediate effectiveness, and clarified the date PCX approved the proposal internally.

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

¹³ In approving this rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. The Commission believes that this rule will improve market efficiency by providing uniform guidelines for Exchange Floor Officials in the event that the circumstances outlined in the proposed rule occur. The Commission further believes that the rule will have little, if any, adverse impact on competition. 15 U.S.C. 78c(f).

¹⁴ See *supra*, note 7.

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 Exchange 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 Exchange 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 1998, the Commission approved a proposal by the Exchange to adopt a Specialist Post Fee Waiver Program (the "Program") to provide short-term cost relief to new specialist firms that agreed to operate a specialist post, and to existing specialist firms that agreed to operate an additional specialist post on the Equity Floors of the Exchange.⁴ Under the Program, if a specialist firm is approved to assume financial and operational responsibility for a specialist post, the specialist firm's fixed specialist fees are waived for three months.⁵ The program also allows participating specialist firms to earn fee credits, based on monthly trading volume, once the original three months have passed and the firm's fixed specialist fees have been reinstated.

In October 1998, the Commission approved a proposal by the Exchange to modify the Specialist Post Fee Waiver Program to assure that firms will not take on a new post for less than six months and then abandon it after having received the Program benefits.⁶

The Exchange believes the Specialist Post Fee Waiver Program has fulfilled its purpose and, accordingly, the Exchange is now proposing that it be terminated. The program was intended

to provide short-term relief to new backers in a period of major industry change.⁷ A decrease in seat prices and stronger demand for recently available posts indicates there is less of a need for the Exchange to provide a financial incentive to back posts. In addition, the PCX has recently implemented guidelines for approving requests to consolidate specialist posts. Firms that consolidate specialist posts are able to reduce seat-related costs.⁸

(2) Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Act,⁹ in general, and furthers the objectives of Section 6(b)(5),¹⁰ in particular, in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest. The Exchange also believes that the proposal is consistent with Section 6(b)(4) of the Act¹¹ in that it is designed to provide for the equitable allocation of dues, fees and other charges among its members.

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

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

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)(ii) of the Act,¹² and subparagraph (e)(2) of Rule 19b-4 thereunder,¹³ in that it establishes or changes a due, fee or other charge imposed by the self-regulatory organization. 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, including whether the proposed rule change is consistent with the Act.¹⁴ 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 Room, 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 PCX. All submissions should refer to File No. SR-PCX-98-58 and should be submitted by January 14, 1999.

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

Margaret H. McFarland,
Deputy Secretary.

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SOCIAL SECURITY ADMINISTRATION

Testing Modifications to the Disability Determination Procedures; Federal Processing Center Testing

AGENCY: Social Security Administration.

ACTION: Notice of the continuation of testing involving modifications to the disability determination procedures.

SUMMARY: The Social Security Administration (SSA) is announcing the continuation of testing that it has been conducting under the current rules at 20 CFR 404.906, 404.943, 404.966, 416.1406, 416.1443, and 416.1466. Those rules authorize the testing of

¹⁴ In reviewing this proposal, the Commission has considered the proposal's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

¹⁵ 17 CFR 200.30-3(a)(12).

⁴ See Securities Exchange Act Release No. 39745 (March 12, 1998), 63 FR 13440 (March 19, 1998).

⁵ The specialist fees that are waived under the program include: Exchange Member Dues, the Floor Privilege Fee, the Specialist Facility Fee, the Specialist Systems Fee, Workstation Fees, the Market Data Fee, the Card Access Fee, the Pacific Clearing Corporation ("PCC") Post Cashiering Fee and the PCC Post Clearing Fee. Some of the fees waived will vary based on the number of staff the firm has on the Floor and the services the firm uses. Consequently, the actual dollar amount of waived fees will vary slightly by firm. Generally, waived fees will average \$7,330 per month.

⁶ See Securities Exchange Act Release No. 40590 (October 22, 1998), 63 FR 58082 (October 29, 1998).

⁷ Those posts already approved under the Specialist Post Fee Waiver program will continue to participate in the waiver program until their six-month participation period has ended.

⁸ See Securities Exchange Act Release No. 40449 (September 17, 1998), 63 FR 51110 (September 24, 1998).

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ 15 U.S.C. 78f(b)(4).

¹² 15 U.S.C. 78s(b)(3)(A)(ii).

¹³ 17 CFR 240.19b-4(e)(2).