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 allowing for more expeditious completion of disciplinary matters.

The Commission finds 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, the requirements of Section 6(b)(5)[5] in that it is designed to prevent fraudulent and manipulative acts and practices and to protect investors and the public interest. The Commission also believes that the proposal is consistent with Section 6(b)(7) of the Act because it provides a fair procedure for disciplining members.[6] Specifically, by limiting the time allowed for the submission of settlement offers, the Commission believes that the proposal should facilitate the PHLX's efforts to provide prompt, effective, and meaningful discipline for violations of Exchange rules and the federal securities laws. In addition, by minimizing opportunities for delay, the proposal should help to preserve evidence and the availability of witnesses, thereby enhancing the quality, consistency, and fairness of the Exchange's disciplinary proceedings and enabling the PHLX to better enforce compliance by its members with the Exchange's rules and the federal securities laws. By facilitating the prompt resolution of disciplinary proceedings, the proposal also will promote efficiency in the use of the Exchange's resources.

The PHLX states that because PHLX Rule 960.7 currently allows settlement offers to be submitted at any time, the Exchange's BCC was concerned that respondents could intentionally submit inadequate offers of settlement for the sole purpose of delaying a scheduled hearing until the offer is reviewed by the full BCC. The Commission believes that the proposed time limit for submitting settlement offers should allow the PHLX's disciplinary proceedings to progress promptly by preventing members from submitting inadequate settlement offers in order to delay a hearing.

At the same time, the Commission believes that the proposal protects members' rights to fair procedures in Exchange disciplinary proceedings. Specifically, the proposal allows respondents to submit settlement offers[7] up to 120 days following the date of service of a statement of charges upon the respondent.[8] Although a hearing may be scheduled during the 120-day period, PHLX Rule 960.5 provides that a respondent must be given at least 15 business days notice of the time of a hearing. Accordingly, the Commission believes that the proposal preserves a respondent's right to submit settlement offers and provides a respondent with adequate time to submit settlement offers, thereby providing a fair procedure for the disciplining of members, consistent with Section 6(b)(7).

Finally, the Commission notes that the rules of the Chicago Board Options Exchange, Inc. (''CBOE'') also provide a 120-day period for submitting settlement offers.[9]

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[10] that the proposed rule change (SR–PHLX–96–42) is approved.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–30526 Filed 11–29–96; 8:45 am]

BILLING CODE 8010–01–M

[5] 15 U.S.C. § 78f(b)(5) (1988).

[6] In approving this rule, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. § 78c(f).

[7] A respondent may submit more than one settlement offer during the 120-day period. Telephone conversation between Michele R. Weisbaum, Vice President and Associate General Counsel, PHLX, and Yvonne Fraticelli, Attorney, Office of Market Supervision, Division of Market Regulation, Commission, on October 2, 1996.

[8] The proposal allows the BCC to consider settlement offers submitted after the 120-day period as long as consideration of an offer does not delay the hearing in the matter.

[9] *See* CBOE Rule 17.8(a), ''Offers of Settlement.''

[10] 15 U.S.C. § 78s(b)(2) (1988).

[11] 17 CFR 200.30–3(a)(12) (1995).

[Release No. 34–37977; File No. SR–PHLX–96–49]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Incorporated, Relating to Amending Floor Procedure Advice F–24, The Wheel

November 25, 1996.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''), 15 U.S.C. 78s(b)(1), notice is hereby given that on November 11, 1996,[1] the Philadelphia Stock Exchange Incorporated (''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 Exchange has designated the proposed rule change as constituting a ''non-controversial'' rule change under paragraph (e)(6) of Rule 19b–4 under the Act which renders the proposal effective upon receipt of this filing by the Commission.[2] 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 Floor Procedure Advice (''Advice'') F–24, AUTO–X Contra-Party Participation (''The Wheel''), to: (1) eliminate most of the sign-on and sign-off provisions; (2) rotate the Wheel in two, five and ten lot increments, depending on the size of the trading crowd's AUTO–X guarantee, as opposed to ten lot increments, as is currently stated in Advice F–24; (3) permit two Floor Officials to require all assigned ROTs to participate on the Wheel; and (4) update the text with minor revisions. The Wheel is an automated mechanism for assigning floor traders (Specialists and Registered Option Traders (''ROTs'')) on a rotating basis, as contra-side participants to AUTO–X orders. AUTO–X is the automatic execution feature of the Exchange's Automated Options Market (''AUTOM'') system,[3] which provides customers with automatic executions of

[1] On November 20, 1996, the PHLX filed Amendment No. 1 with the Commission. Amendment No. 1 constitutes a substantive change in the proposal in that it redesignates the proposal as a ''noncontroversial'' rule filing under Rule 19b–4(e)(6) rather a 19b–4(e)(5). The amendment also states that the Exchange intends to monitor the operation of the Wheel for excessive sign-on and sign-off practices by ROTs, and that Wheel participation is mandatory for specialists. *See* Letter from Philip H. Becker, Senior Vice President, Chief Regulatory Officer, PHLX, to Michael Walinskas, Senior Special Counsel, Division of Market Regulation, Commission, dated November 19, 1996.

[2] The Exchange has requested that this proposal be implemented on December 13, 1996. The Exchange has represented that this proposed rule change: (i) will not significantly affect the protection of investors or the public interest; (ii) will not impose any significant burden on competition; and (iii) will not become operative for 30 days after the date of the filing.

[3] AUTOM is an electronic order routing system for options orders.

eligible option orders at displayed markets.

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

The Exchange's Wheel provisions were approved by the Commission in 1994 as Advice F–24.[4] These provisions do not currently appear in any other Exchange rules.[5] The purpose of the Wheel is to increase the efficiency and liquidity of order execution through AUTO–X by including all floor traders in the automated assignment of contra-parties to incoming AUTO–X orders. The Wheel is intended to make AUTO–X more efficient, as contra-side participation will be assigned automatically, and no longer be entered manually. The Wheel is also intended to promote liquidity by including ROTs, as opposed to solely specialists, as a contra-side to AUTO–X orders.

The Exchange does not believe that the proposed amendments will impair the price or time of the AUTO–X executions or the quality of markets for PHLX-listed options. The Wheel affects only who the contra-side participant may be, not the process, price or time of the actual execution. The Exchange does not believe that the market making and AUTO–X burden of the specialists will be increased by Wheel implementation, even if a particular Wheel only consists of specialist participation. For example, the Exchange does not believe that a specialist, alone on the Wheel, would disseminate wider markets, because the specialist would only be impairing his own business and reputation as a specialist. Also, AUTO–X volume represents a small percentage of Exchange options volume. In addition, the Exchange notes that quote spread parameters help ensure that markets remain within certain limits. In fact, with the Wheel in effect, specialists will be freed of the manual process of inserting ROTs at parity as contra-side participants, which may better enable specialists to monitor and perhaps improve markets.

Due to technical delays associated with balancing various option automation projects, the Wheel has not yet been implemented, but is currently scheduled for implementation by the end of 1996. The Exchange continues to believe that the Wheel offers important benefits to AUTO–X participants, as stated above.

Currently, respecting AUTO–X orders, as stated in the proposal to adopt the Wheel, floor trader contra-side participation defaults to the account of the specialist if no step is taken to manually add the participation of an ROT. The specialist is the party who manually enters ROT participation. ROTs are eligible for participation when they have established priority or parity at the execution price. Consequently, before contra-side information can be added, the trading crowd has to resolve among itself which floor trader(s) had priority or parity at the execution price. Quite often, several floor traders are on parity, thus requiring keypunch entries for each such trader. The more contra-side participants that must be added to a trade, the more of a delay there is in processing the participant information to the trade and the more the process becomes prone to keypunch errors and additional manual paperwork. The implementation of the proposed rule change to the Wheel will automatically include eligible ROTs in AUTO–X executions according to a specific rotation procedure, thus reducing the *manual* inclusion of ROTs as contra-side participants. An additional result of the change will be that ROTs on parity who are not signed-on the Wheel will not participate in AUTO–X trades. The Exchange believes that the inability of ROTs at parity to participate in AUTO–X trades absent Wheel participation will be a strong incentive for Wheel sign-on.

Several changes to the Wheel are proposed at this time, as listed above. First, certain sign-on and sign-off provisions are being deleted in order to encourage maximum participation on the Wheel. Currently, in order to be placed on the Wheel for an entire trade day, PHLX requirements state that the respective ROT must sign-on, in person on the trading floor for that listed option by no later than 9:30 AM on that day. If not signed on by 9:30 A.M., an ROT may be added to the Wheel for all or any portion of the half-day session, commencing at 12:30 P.M., by signing-on in person at any time during that morning session. An ROT may sign-off the Wheel at any time during the trade day. An ROT signed-on for an entire day may sign-off up to twice during that day and still be eligible to sign-on again on that day, but a third sign-off in the same day will cause that ROT to become ineligible for the Wheel for the remainder of that trade day. An ROT who has signed-on for the half-day session may sign-off once during that session and still be eligible to sign-on again for that session, but a second sign-off during that half-day session will cause that ROT to be ineligible for the Wheel for the remainder of that session.

The limitations on the number of sign-ons and sign-offs per day as well as the requirement that an ROT sign-on by 9:30 A.M. are being deleted. The Exchange does not want to limit Wheel participation by imposing stringent sign-on/sign-off requirements. However, the Exchange realizes that if experience gained through operation of the Wheel demonstrates that such requirements are needed, the Options Committee will consider such changes. Certain provisions concerning sign-on and sign-off will remain in effect. ROTs will continue to be subject to certain log-on requirements, including that an ROT sign-on in person on the trading floor in individual listed options. Sign-offs are effective immediately for all options for which the ROT is on the Wheel, and a sign-off shall be effective immediately upon being processed for deletion in the system. Also, no two associated or dually affiliated ROTs may be on the Wheel for the same option at the same time. In addition, to address the concern expressed by the Commission that ROTs fulfill their market making obligations, the Exchange will monitor the operation of the Wheel for indications of excessive sign-on and sign-off practices by ROTs, through terminal access to sign-on and sign-off information for each ROT and the next-day reports.

The Exchange emphasizes that the specialist's obligations respecting AUTO–X and the Wheel are obligatory and central to the specialist function. Floor Procedure Advice (''Advice'') A–13 requires specialists to engage AUTO–X within three minutes of completing an opening or reopening rotation. This means that AUTO–X participation is required for specialists. Advice F–24 concerning the Wheel also specifically states that specialists on the options floor are required to participate on the

[4] Securities Exchange Act Release No. 35033 (November 30, 1994), 59 FR 63152 (December 7, 1994).

[5] Separately, the Exchange intends to incorporate the Wheel provisions, as amended, into an AUTOM Rule.

Wheel in assigned issues. Also, the mandatory nature of the Wheel for specialists was stated in the original proposed rule change to adopt the Wheel and in the Commission's approval order.[6]

Second, the purpose of amending the Wheel rotation and assignment process is to expand the number of automatic participants to each AUTO–X trade. Currently, paragraph (e) details the rotation of trades among Wheel participants. Specifically, the specialist receives the first execution of the day in each respective listed option. Thereafter, the Wheel would have rotated among participants in ten-lot increments. For those AUTO–X orders greater than ten contracts, each additional ten-lot or remaining portion thereof would have been assigned to the next individual Wheel participant. Under the proposal, the Wheel will rotate in increments depending upon the size of the crowd's AUTO–X guarantee, as follows:

1–10 contracts	Every 2 contracts.
11–25 contracts	Every 5 contracts.
26 and more	Every 10 contracts.

For customer orders, Phlx Rule 1033(a) requires that markets be firm for ten contracts, which serves as the minimum AUTO–X guarantee. The fact that the Wheel will begin its rotation in a random place each day after the specialist's first execution of the day is being added into the provision. The maximum size of an AUTO–X guarantee is 50 contracts.[7] The remainder of the provision remains unchanged, such that if there are five or more ROTs signed onto the Wheel, the specialist will receive every fifth execution, in addition to being assigned to the first AUTO–X order in the option.

The Options Committee has determined that this rotation process should encourage Wheel participation and allot trades more fairly by dividing each trade among more participants, such that each participant will participate in a greater number and variety of AUTO–X executions. As an example of the proposed rotation process, in AQL, for which the guarantee is ten contracts, a ten lot AUTO–X order would be split evenly among five Wheel participants, or where there are only two participants, the split would be six contracts and four contracts, respectively. A 50 lot AUTO–X order received in FNM options would also be split among five participants, due to its 50-up guarantee. The Exchange notes that the size of the AUTO–X guarantee is displayed in the trading crowd along with the markets for the option as well as published periodically as an Exchange memorandum to the options membership.

Thirdly, paragraph (d) currently permits a Floor Official to modify the aforementioned sign-on/sign-off procedures in extraordinary circumstances. The Exchange is proposing to add the ability of two Floor Officials to require Wheel participation in extraordinary circumstances. This ability is limited to ROTs assigned in that option and situations where liquidity is required. Stating that two Floor Officials may require *all* assigned ROTs to sign-on the Wheel is intended to prevent unfairly singling out certain ROTs; where liquidity is needed, all assigned ROTs should be obligated to participate on the Wheel. This new requirement is consistent with the affirmative market making obligations imposed by Rule 1014. Thus, implementing the Wheel should promote just and equitable principles of trade and investor protection.

Lastly, the Exchange is proposing to modify certain language in Advice F–24 for clarity, such as adding paragraph headings.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)[8] of the Act in general, and in particular, with Section 6(b)(5), in that the amendments are 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, as well as to protect investors and the public interest, by promoting ROT participation as contra-parties to AUTO-X trades and reducing opportunities for keypunching errors through increased automation. The Exchange believes that the proposed amendments to Wheel procedures should encourage Wheel participation.

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.

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

This proposed rule change has been filed by the Exchange as a ''noncontroversial'' rule change pursuant to paragraph (e)(6) of Rule 19b–4.[9] Consequently, the rule change shall become operative 30 days after the date of filing, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest pursuant to Section 19(b)(3)(A)(iii) of the Act[10] and subparagraph (e)(6) of Rule 19b–4 thereunder.

The proposed rule change was originally submitted to the Commission on November 11, 1996. However, the submission of substantive Amendment No. 1 on November 20, 1996 delays the statutorily required implementation date to December 20, 1996.[11] The Commission is shortening the 30 day delayed implementation period to allow the rule change to be implemented on December 13, 1996. The Commission believes that accelerated implementation is appropriate in order to prevent any longer delay to the PHLX's implementation of the Wheel, a program that has already been delayed for two years since its original approval. The Commission believes that further delay would not be beneficial to the protection of investors or the public interest.

At any time within 60 days of the filing of such proposed rule change,[12] the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public

[6] *See* Securities Exchange Act Release No. 35033 (November 30, 1994), 59 FR 63152 (December 7, 1994) at n.9.

[7] Securities Exchange Act Release No. 36601 (December 18, 1995), 60 FR 66817 (December 18, 1996).

[8] 15 U.S.C. 78f(b).

[9] 17 CFR 240.19b–4(e)(6).

[10] 15 U.S.C. 78s(b)(3)(A)(iii).

[11] The Commission notes that any substantive amendment to a proposed rule change filed under section (e)(6) of Rule 19b–4 causes the thirty day delayed implementation period to be restarted, from the date of the filing of the amendment. *See* Securities Exchange Act Release No. 35123 (December 28, 1994), 59 FR 66692 (December 28, 1994).

[12] The 60 day abrogation period commences from November 20, 1996, the date of the submission of substantive Amendment No. 1.

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., 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. 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–96–49 and should be submitted by December 23, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[13]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–30611 Filed 11–29–96; 8:45 am]

BILLING CODE 8010–01–M

[13] 17 CFR 200.30–3(a)(12).

DEPARTMENT OF STATE

[Public Notice 2420]

Participation of Private-Sector Representatives on U.S. Delegations

As announced in Public Notice No. 655 (44 FR 17846), March 23, 1979, the Department is submitting its January 9, 1995—December 15, 1995 list of U.S. accredited Delegations which included private-sector representatives.

Publication of this list is required by Article III (c) of the guidelines published in the Federal Register on March 23, 1979.

Dated: July 30, 1996.

Frank R. Provyn,

Managing Director, Office of International Conferences.

United States Delegation to the Telecommunications Standardization Advisory Group (TSAG) and Joint Meeting of Telecommunications Standardization Advisory Group and the Radiocommunications Advisory Group (RAG), International Telecommunication Union (ITU), Geneva, January 23, 1995

Representative

Earl S. Barbely, Director, Telecommunications and Information Standards, Office of International Communications and Information Policy, Bureau of Economic and Business Affairs, Department of State

Advisers

Douglas V. Davis, Attorney Adviser, International Bureau, Federal Communications Commission

Ali Ghovanlou, Senior Telecommunications Adviser, Office of International Communications and Information Policy, Bureau of Economic and Business Affairs, Department of State

William Utlaut, Director, Institute for Telecommunication Sciences, National Telecommunications and Information Administration, Department of Commerce, Boulder, Colorado

Private Sector Advisers

Richard P. Brandt, DB Consulting, Annandale, New Jersey

Raymond B. Crowell, Director, Industry and Government Planning, COMSAT Corporation, Bethesda, Maryland

Gary Fishman, Technical Standards Director, AT&T, Bedminster, New Jersey

Otto J. Gusella, Executive Director, Alliance for Telecommunications Industry Solutions (ATIS), Washington, D.C.

George Helder, Consultant, Picturetel Corporation, Moraga, California

Richard Holleman, Director, Standards Practices, IBM Corporation, Purchase, New York

Anita Kaufman, MCI Corporation, Rye Brook, New York

Roger Nucho, Director of Standards, Bell Atlantic, Arlington, Virginia

Arthur Reilly, BELLCORE, Red Bank, New Jersey

Robert J. Smith, Director, Science and Technology, NYNEX Corporation, Cambridge, Massachusetts

Martin Sullivan, Director, BELLCORE, Red Bank, New Jersey

United States Delegation to the 38th Session of the Subcommittee on Ship Design and Equipment, International Maritime Organization (IMO) London, January 23–27, 1995

Representative

Gordon D. Marsh, Captain, Chief, Marine Technical and Hazardous Materials Division, Office of Marine Safety, Security and Environmental Protection, U.S. Coast Guard, Department of Transportation

Alternative Representative

Wayne Lundy, Engineering Branch, Marine Technical and Hazardous Materials Division, Office of Marine Safety, Security and Environmental Protection, U.S. Coast Guard, Department of Transportation

Advisers

Roger K. Butturini, Lieutenant Commander, Engineering Branch, Marine Technical and Hazardous Materials Division, Office of Marine Safety, Security and Environmental Protection, U.S. Coast Guard, Department of Transportation

Philip R. Alman, Ship Design Branch, Marine Technical and Hazardous Materials Division, Office of Marine Safety, Security and Environmental Protection, U.S. Coast Guard, Department of Transportation

Private Sector Advisers

Gregory Shark, American Bureau of Shipping, New York, NY 10048

Paul Leblanc, McDermott Incorporated, P.O. Box 188, Morgan City, LA 70381–0188

United States Delegation to the Working Party on Gas, Fifth Session, Economic Commission for Europe (ECE), Geneva, January 23–25, 1995

Representative

Frederic Maerkle, Chief, Energy Consuming Countries Division, Office of International Energy Policy, Bureau of Economic and Business Affairs, Department of State

Alternate Representative

William R. Falkner, United States Mission, Geneva

Private Sector Adviser

R. Allan Bradley, Senior Vice President, Coastal Pan American Corporation, Houston, Texas

Thomas C. Briggs, Vice President-Regulatory Affairs, Enron-Europe, Ltd., London, England