Rule 440A achieves an appropriate balance between providing protection for the public and the members' interest in competing for customers.

The Commission also believes that the amendment to Rule 440A, requiring that a member or person associated with a member obtain from a customer, and maintain for three years, express written authorization when submitting for payment a check, draft, or other form of negotiable paper drawn on a customer's checking, savings, share or similar account, is appropriate. The Commission notes that requiring a member or person associated with a member to obtain express written authorization from a customer in the above-mentioned circumstances assists in the prevention of fraudulent and manipulative acts in that it reduces the opportunity for a member or person associated with a member to misappropriate customers' funds. Moreover, the Commission believes that by requiring a member or person associated with a member to retain the authorization for three years, Rule 440A protects investors and the public interest in that it provides interested parties with the ability to acquire information necessary to ensure that valid authorization was obtained for the transfer of a customer's funds for the purchase of a security.

The Commission also believes that the amendment to the NYSE interpretation to Rule 472 requiring the retention of telemarketing scripts for a period of three years is appropriate. By requiring the retention of telemarketing scripts for three years, the interpretation to Rule 472 assists in the prevention of fraudulent and manipulative acts and practices and provides for the protection of the public in that interested parties will have the ability to acquire copies of the scripts used to solicit the purchase of securities to ensure that members and associated persons are not engaged in unacceptable telemarketing practices.

Finally, the Commission believes that the proposed rule achieves a reasonable balance between the Commission's interest in preventing members from engaging in deceptive and abusive telemarketing acts and the members' interest in conducting legitimate telemarketing practices.

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 proposal is identical to the NASD and MSRB rules, which were published for comment and, subsequently, approved by the Commission. The approval of the NYSE's rule and interpretation provides a consistent standard across the industry. In that regard, the Commission believes that granting accelerated approval to the proposed rule change is appropriate and consistent with Section 6 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 at the Commission's Public Reference Room. Copies of the filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR–NYSE–97–07 and should be submitted by June 11, 1997.

V. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

It is therefore Ordered, pursuant to Section 19(b)(2) of the Act,[14] that the proposed rule change (SR–NYSE–97–07) is approved.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–13279 Filed 5–20–97; 8:45 am]

BILLING CODE 8010–01–M

[14] 15 U.S.C. 78s(b)(2).

[15] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–38631; File No. SR–PSE–96–42]

Self-Regulatory Organizations; Pacific Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to an Amendment to the Minor Rule Plan and the Adoption of a Forum Fee for Minor Rule Plan Appeals

May 14, 1997.

I. Introduction

On October 25, 1996, the Pacific Exchange, Inc. (''PCX'' or ''Exchange'') submitted to the Securities and Exchange Commission (''SEC'' or ''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder,[2] a proposed rule change to add unbundling of option orders to the Exchange's list of Minor Rule Plan (''MRP'') violations and to allow the imposition of a forum fee whenever a finding under the MRP is appealed and affirmed.[3] On October 25, 1996, the Exchange submitted a letter providing additional justification for the filing.[4]

The proposed rule change was published for comment in the **Federal Register** on February 24, 1997,[5] and no comments were received. This order approves the proposal.

II. Description

The Exchange is proposing to adopt a new subsection (5) to PCX Rule 10.11(d) to provide as follows: If, after a hearing or review on the papers pursuant to subsection (d) of PCX Rule 10.16,[6] a panel appointed by the pertinent committee determines that a Member or Member Organization has violated one or more Exchange rules, as alleged, that panel: (i) May impose any one or more of the disciplinary sanctions authorized

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] Rule 19d–1(c)(2) under the Act, 17 CFR 240.19d–1(c)(2), authorizes national securities exchanges to adopt minor rule violation plans for the summary discipline and abbreviated reporting of minor rule violations by exchange members and member organizations. The PCX's Plan was approved by the Commission in Securities Exchange Act Release No. 22654 (Nov. 21, 1985), 50 FR 48853.

[4] Letter from Michael D. Pierson, Senior Attorney, Regulatory Policy, PCX, to Ivette López, Assistant Director, Division of Market Regulation, SEC, dated October 24, 1996 (''PSE Letter'').

[5] Securities Exchange Act Release No. 38293 (Feb. 14, 1997), 62 FR 8286.

[6] PCX Rule 10.11, entitled ''Appeal of Floor Citations and Minor Rule Plan Sanctions,'' sets forth the procedures that apply when a member or member organization appeals a sanction imposed in connection with a floor citation or the MRP. *See* PCX Rules 10.11 and 10.13.

by the Exchange's Constitution and Rules; and (ii) shall impose a forum fee against the person charged in the amount of two hundred fifty dollars ($250) if the determination was reached based on a review of the papers, or in the amount of five hundred dollars ($500) if a hearing was conducted. In the event that the Panel determines that a Member or Member Organization has violated one or more Exchange rules, as alleged, and the sole disciplinary sanction imposed by the pertinent committee for such rule violation(s) is a fine that is less than the total fine initially imposed by the Exchange for the subject violation(s), the Committee has the discretion to waive the imposition of a forum fee.[7] The Exchange believes this fee is necessary to, among other things, help offset the costs associated with certain appeals involving MRP violations.

The Exchange is also proposing to amend its MRP,[8] PCX Rule 10.13, to add the following violation to the section relating to Options Floor Decorum and Minor Trading Rule Violations: ''Dividing up an order to make its parts eligible for entry into Auto-Ex (Rule 6.87(c))'' (with recommended fines of $2,500, $3,750 and $5,000 for first, second, and third violations). The Exchange believes it is appropriate to include Rule 6.87(c) in the MRP because violations of this rule are objective in nature and easily verifiable.[9]

[7] The provisions of proposed Rule 10.11(d)(5) are similar to those contained in Rule 17.50(d)(2) of the Chicago Board Options Exchange (''CBOE'').

[8] Rule 19d–1(c)(2) under the Act authorizes national securities exchanges to adopt minor rule violation plans for the summary discipline and abbreviated reporting of minor rule violations by exchange members and member organizations. *See* Securities Exchange Act Release No. 21013 (June 1, 1984), 49 FR 23828 (approving amendments to paragraph (c)(2) of Rule 19d–1 under the Act). The PCX's MRP was approved by the Commission in 1985. *See* Securities Exchange Act Release No. 22654 (Nov. 21, 1985), 50 FR 48853 (approving File No. SR–PSE–85–24). In 1993, the Exchange amended its MRP and adopted detailed procedures relating to the adjudication of minor rule violations. *See* Securities Exchange Act Release No. 32510 (June 24, 1993), 58 FR 35491. Thereafter, the Exchange has modified its MRP several times. *See* Securities Exchange Act Release Nos. 34322 (July 6, 1994), 59 FR 35958; 35144 (Dec. 23, 1994), 59 FR 67743; 36622 (Dec. 21, 1995), 60 FR 67384; 37886 (Oct. 29, 1996), 61 FR 37886 (approving File No. SR–PSE–96–26); 37799 (Oct. 9, 1996), 61 FR 54479 (approving additions to the MRP).

[9] For example, an investigation will reveal that a customer's original order, as represented on an ''upstairs'' trading ticket, was for a number of option contracts that was greater than ten, but handwritten notes will indicate that the original order has been divided into separate orders. In addition, the Exchange's time and sales report will establish that a number of sub-orders occurred sequentially on the Auto-Ex system during a relatively short period of time. *See* PSE Letter, *supra* note 4.

III. Discussion

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, with the requirements of Section 6(b).[10] Specifically, the Commission believes the proposal is consistent with the Section 6(b)(4) requirement that the rules of an exchange provide for the equitable allocation of reasonable fees, the Section 6(b)(5) requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, and, in general, to protect investors and the public, the Section 6(b)(6) requirement that the rules of an exchange provide that its members be appropriately disciplined for violations of an exchange's rules and the Act, and the Section 6(b)(7) requirement that the rules of an exchange provide a fair procedure for the disciplining of members.[11]

A. Forum Fee

The Commission believes it is reasonable for the Exchange to establish the proposed forum fee for members who appeal Floor citations or MRP sanctions.[12] It is appropriate to shift a portion of the costs associated with appeal proceedings to those members seeking review of a fine. The imposition of the forum fee is reasonable because the fee serves as a vehicle to match Exchange costs in processing minor disciplinary matters. Moreover, the Panel has the discretion to waive the forum fee when the sole disciplinary sanction imposed is a fine that is less than the total fine initially imposed for the violation. This provision should help ensure that appropriate and equitable discipline is imposed under the PCX's MRP. In addition, the amount of the forum fee (either $250 or $500) appears reasonably designed to recover a portion of the costs of the use of Exchange staff and other Exchange resources that are utilized in processing appeals. Moreover, the Commission does not believe the fees are likely to deter respondents from appealing fines imposed pursuant to the MRP.

[10] 15 U.S.C. 78f(b).

[11] *Id*, sections 78f(b)(4), 78f(b)(5), 78f(b)(6), 78f(b)(7). In approving this rule, the Commission notes that it has considered the proposal's impact on efficiency, competition, and capital formation, consistent with Section 3 of the Act. *Id*. section 78c(f).

[12] The Exchange has stated that one purpose of the forum fee is to deter frivolous appeals. The Commission does not believe such rationale is acceptable for establishing a fee. Nonetheless, for the reasons set forth below, the Commission believes the fee is not inconsistent with the Act.

B. Auto-Ex Unbundling

The Commission believes that an exchange's ability to effectively enforce compliance by its members and member organizations with the Commission's and Exchange's rules is central to its self-regulatory function. The inclusion of a rule in an exchange's minor rule violation plan, therefore, should not be interpreted to mean that it is not an important rule. On the contrary, the Commission recognizes that the inclusion of minor violations of particular rules under a minor rule violation plan may make the exchange's disciplinary system more efficient in prosecuting more egregious or repeated violations of these rules, thereby furthering its mandate to protect investors and the public interest.

The Commission believes that adding Rule 6.87(c) to the Exchange's MRP is consistent with the Act. The purpose of the Exchange's MRP is to provide a response to a violation of the Exchange's rules when a meaningful sanction is needed but when initiation of the disciplinary proceeding pursuant to Exchange Rule 10.3[13] is not suitable because such a proceeding would be more costly and time-consuming than would be warranted given the nature of the violation. Rule 10.13 provides for an appropriate response to minor violations of certain Exchange rules while preserving the due process rights of the party accused through specified required procedures.[14]

Violations of Rule 6.87(c) can be appropriately handled through expedited proceedings because they are objective in nature and easily verifiable. Noncompliance with the provisions may be determined objectively and adjudicated quickly without the complicated factual and interpretive inquiries associated with more sophisticated Exchange disciplinary proceedings. If, however, the Exchange determines that a violation of one of these rules is not minor in nature, the Exchange retains the discretion to initiate full disciplinary proceedings in accordance with Exchange Rule 10.3. The Commission expects the PCX to bring full disciplinary proceedings in appropriate cases (*e.g.*, in cases where the violation is egregious or where there

[13] PCX Rule 10.3 governs the initiation of disciplinary proceedings by the Exchange for violations within the disciplinary jurisdiction of the Exchange.

[14] The MRP permits any person to contest the Exchange's imposition of the fine through submission of a written answer, at which time the matter will become a formal disciplinary action.

is a history or pattern of repeated violations).

Finally, the Commission finds that the imposition of the recommended fines for violations of Rule 6.87(c) should result in appropriate discipline of members in a manner that is proportionate to the nature of such violations.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[15] that the proposed rule change (SR–PSE–96–42) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[16]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–13280 Filed 5–20–97; 8:45 am]

BILLING CODE 8010–01–M

[15] 15 U.S.C. 78s(b)(2).

[16] 17 CFR 200.30–3(a)(12).

DEPARTMENT OF STATE

[Public Notice No. 2545]

United States International Telecommunications Advisory Committee, National Study Group; Meeting Notice

The Department of State announces that the United States International Telecommunications Advisory Committee (ITAC), will meet on June 3, 1997, from 10:00 a.m. to 12 noon, in Room 1406 at the Department of State, 2201 C Street, N.W., Washington, DC 20520.

The U.S. National Advisory Group, is convening this meeting to review the results of the April 29–May 1, 1997 ITU Geneva meeting concerning Internet domain names, and to seek views as to the future role of the ITU on this issue. The Geneva meeting included an information session, a Meeting of Signatories and potential signatories of the generic top level domain Memorandum of Understanding (GTLD–MOU).

Members of the General Public may attend this meeting and join in the discussions, subject to the instructions of the Chairman, Earl S. Barbely.

Note: If you wish to attend please send a fax to 202–647–7407 not later than 24 hours before the scheduled meeting. On this fax, please include subject meeting, your name, social security number, and date of birth.

One of the following valid photo ID's will be required for admittance: U.S. driver's license with your picture on it, U.S. passport, U.S. Government ID (company ID's are no longer accepted by Diplomatic Security). Enter from the ''C'' Street Main Lobby.

Dated: May 9, 1997.

Earl S. Barbely,

Chairman, U.S. ITAC for Telecommunications Standardization.

[FR Doc. 97–13305 Filed 5–20–97; 8:45 am]

BILLING CODE 4710–45–M

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Generalized System of Preferences (GSP); Deadline for Submission of Petitions for the 1997 Annual GSP Product Review

AGENCY: Office of the United States Trade Representative.

ACTION: Notice of the 1997 annual GSP product review.

SUMMARY: The deadline for the submission of petitions in the 1997 Annual GSP Product Review is 5:00 p.m., Wednesday, July 2, 1997.

FOR FURTHER INFORMATION CONTACT: GSP Subcommittee, Office of the United States Trade Representative, 600 17th Street, N.W., Room 518, Washington, DC 20508. The telephone number is (202) 395–6971.

SUPPLEMENTARY INFORMATION:

I. Announcement of 1997 Annual GSP Product Review

The GSP regulations (15 CFR 2007.3 *et seq.*) provide the schedule of dates for conducting an annual review unless otherwise specified by a Federal Register notice. Accordingly, notice is hereby given that, in order to be considered in the 1997 Annual GSP Product Review, all petitions to modify the list of articles eligible for duty-free treatment under the GSP must be received by the GSP Subcommittee of the Trade Policy Staff Committee no later than 5 p.m., Wednesday, July 2, 1997. Petitions submitted after the deadline will not be considered for review and will be returned to the petitioner.

The GSP provides for the duty-free importation of designated articles when imported from designated beneficiary developing countries. The GSP is authorized by title V of the Trade Act of 1974 (19 U.S.C. 2461 *et. seq.*), as amended (the ''Trade Act''), and is implemented in accordance with Executive Order 11888 of November 24, 1975, as modified by subsequent Executive Orders and Presidential Proclamations. Section 505 of the Trade Act states that duty-free treatment provided under the GSP shall not remain in effect after May 31, 1997. The 1997 Annual GSP review will be conducted according to a schedule to be issued in the **Federal Register** if and when the program is reauthorized. The review will be based on those petitions that are submitted prior to the July 2 deadline and accepted for review by the GSP Subcommittee.

A. 1997 GSP Annual Product Review

Interested parties or foreign governments may submit petitions: (1) To designate additional articles as eligible for GSP; (2) to withdraw, suspend or limit GSP duty-free treatment accorded either to eligible articles under the GSP or to individual beneficiary developing countries with respect to specific GSP eligible articles; (3) to waive the competitive need limits for individual beneficiary developing countries with respect to specific GSP eligible articles; and (4) to otherwise modify GSP coverage. All product petitions must include a detailed description of the product and the Harmonized Tariff Schedule (HTS) subheading in which the product is classified.

B. Submission of Petitions and Requests

Petitions to modify GSP treatment should be addressed to GSP Subcommittee, Office of the U.S. Trade Representative, 600 17th Street, NW., Room 518, Washington, DC 20508. An original and fourteen (14) copies of each petition must be submitted in English. If the petition contains business confidential information, an original and fourteen (14) copies of a nonconfidential version of the submission along with an original and fourteen (14) copies of the confidential version must be submitted. In addition, the submission containing confidential information should be clearly marked ''confidential'' at the top and bottom of each and every page of the submission. The version that does not contain business confidential information (the public version) should also be clearly marked at the top and bottom of each page (either ''public version'' or ''nonconfidential''). Furthermore, interested parties submitting petitions that request action with respect to specific products should list on the first page of the petition the following information: (1) The requested action; (2) the HTS subheading in which the product is classified; and (3) if applicable, the beneficiary country.

All such submissions must conform with the GSP regulations which are set forth at 15 CFR 2007. These regulations were published in the **Federal Register**