

disciplinary action. The Council has recommended that the requirement be revised to require ongoing participation in the program by registered persons. In accordance with that recommendation, the proposed amendments to Rule 345A will require participation in the Regulatory Element throughout a registered person's career, specifically, on the second registration anniversary and every three years thereafter (*i.e.*, the fifth, eighth, eleventh, etc. anniversaries), with no graduation from the program.

Proposed amended Rule 345A will allow a one-time exemption for persons currently graduated from the program by providing that those persons who have been registered for more than ten years as of the effective date of the rule amendments, and who have not been the subject of a disciplinary action during the past ten years, will continue to be excluded from required ongoing participation in the Regulatory Element. However, persons registered in a supervisory capacity will have to have been registered in a supervisory capacity for more than 10 years in order to be covered by this one-time provision for graduation from participation in the program. Therefore, those supervisors who have graduated from the program requirements based on their initial registration date, but who have not completed 10 years as a supervisor, will be required to re-enter the program.

The Firm Element requires that each member and member organization conduct annually an analysis of their training needs and administer such training, as is appropriate, to their registered persons who have direct contact with customers and the immediate supervisors of such registered persons, on an ongoing basis in topics specifically related to their business such as new products, sales practices, risk disclosure and new regulatory requirements and concerns. The proposed amendments to Rule 345A will require members and member organizations to additionally focus on supervisory training needs in conducting their analysis of training needs and, if it is determined that there is a specific need for supervisory training, address such training needs in the Firm Element training plan.

These amendments, which will be adopted uniformly with rule changes of the other SRO Council members, will significantly enhance the continuing education program by requiring all registered persons to participate in the Regulatory Element on an ongoing basis throughout their securities industry careers. In addition, we believe that rule amendments allowing for the

implementation of a program specifically geared towards supervisors and the issues that may arise in that role will result in more effective regulatory training of supervisors as well as improved front-line supervision overall of members and member organizations.

## 2. Statutory Basis

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 Section 6(c)(3) of the Act.<sup>4</sup> Under that Section, it is the Exchange's responsibility to prescribe standards of training, experience and competence for persons associated with Exchange members and member organizations. Pursuant to this statutory obligation, the Exchange has proposed this rule change in order to enhance the established continuing education program for registered persons.

The proposed rule change is also consistent with the requirements of Section 6(b)(5) of the Act.<sup>5</sup> Section 6(b)(5) requires, among other things, that the rules of an exchange be designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

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

The Exchange believes that the proposal does not 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 were neither solicited nor 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 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 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 NYSE. All submissions should refer to the file number SR-NYSE-97-33 and should be submitted by February 19, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>6</sup>

**Margaret H. McFarland,**  
Deputy Secretary.

[FR Doc. 98-2185 Filed 1-28-98; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39571; File No. SR-Phlx-97-53]

### **Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendments 1 and 2 Thereto by the Philadelphia Stock Exchange, Inc. Relating to Amending Its Floor Procedure Advice A-1 Regarding Displaying Best Bids and Offers**

January 22, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 3, 1997, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission")

<sup>6</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>4</sup> 15 U.S.C. 78f(c)(3).

<sup>5</sup> 15 U.S.C. 78f(b)(5).

the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. On December 23, 1997, and January 20, 1998, respectively, the Exchange filed amendments 1 and 2 to the proposal with the Commission.<sup>3</sup> 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 Phlx hereby proposes to amend its Floor Procedure Advice A-1, regarding Displaying Best Bids and Offers, in order to require Floor Brokers and Registered Options Traders ("ROT's") to immediately remove stale bids/offers. Accordingly, the Phlx is proposing to amend Floor Procedure Advice ("Advice") A-1 to require that the Floor Broker or ROT, after voicing a bid/offer, use due diligence to inform the Specialist when s/he is no longer bidding/offering at that price. The Floor Broker or ROT must immediately inform the Specialist when s/he is "out" of that bid/offer, including due to an execution or departure from the crowd.

The Phlx also proposes to adopt a fine schedule, pursuant to the Exchange's minor rule violation enforcement and reporting plan ("minor rule plan"),<sup>4</sup> for minor violations of proposed new paragraph (b) of the Advice.

The text of the proposed rule change is available at the Office of the Secretary, the Phlx and at the Commission.

<sup>3</sup> See Letter from Michele R. Weisbaum, Vice President and Associate General Counsel, Phlx to David Sieradzki, Attorney, SEC dated December 18, 1997 and letter from J. Keith Kessel, Phlx to David Sieradzki, Attorney, SEC dated January 16 1998. Amendments 1 and 2 made several changes to clarify the purpose section of the filing.

<sup>4</sup> The Phlx's minor rule plan, codified in Phlx Rule 970, contains floor procedure advices, such as Advice A-1, along with the accompanying fine schedules. Rule 19d-1(c)(2) under the Act authorizes national securities exchanges and other self-regulatory organizations (SRO's) to adopt minor rule violation plans for summary discipline and abbreviated reporting. Rule 19d-1(c)(1) under the Act requires that SROs promptly file notice with the Commission of any final disciplinary actions. However, minor rule violations not exceeding \$2,500 where the sanctioned person has not sought an adjudication, including a hearing, or otherwise exhausted his administrative remedies at the SRO with respect to the matter are deemed not final for purposes of Rule 19d-1(c)(1), thereby permitting periodic, as opposed to immediate, reporting. See Phlx Rule 970 and 17 CFR 240.19d-1(c).

### **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 Phlx 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 Phlx 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 Phlx is proposing to amend its Advice A-1, regarding Displaying Best Bids and Offers in order to require Floor Brokers and ROTs to immediately remove stale bids/offers. Currently, Advice A-1 requires that Specialists use due diligence to ensure that the best available bid and offer is displayed for those option series in which s/he is assigned. For the purposes of Advice A-1, bids and offers for the Specialist's own account, bids and offers on the book, and bids and offers established in the crowd are deemed to be available for display purposes. The Phlx proposes: (i) To designate the foregoing display advice as paragraph (a) and (ii) to create an additional paragraph, (b), to govern situations where a member of the trading crowd is no longer bidding and offering. In the latter situations, the Floor Broker or ROT shall use due diligence to inform the Specialist when s/he is no longer bidding/offering at that price. The Floor Broker or ROT must immediately inform the Specialist when s/he is "out" of that bid/offer, including due to an execution or departure from the crowd.

Maintaining accurate option quotes is integral to the Specialist's role in the marketplace. Thus, although a member posting a bid/offer is generally not held to that market after leaving the trading crowd, the purpose of the proposed rule change is to discourage stale markets by giving the Exchange the ability to impose fines for failure to remove such a bid/offer. Failure to remove a bid/offer may cause the member making the bid/offer or other crowd participants to have to honor an incorrectly disseminated quote that may have attracted order flow, including Phlx Automatic Execution System orders.

The proposed new paragraph (b) is being proposed to address situations

where members have been "out" of a bid/offer, yet failed to inform the Specialist. Oftentimes, that member is no longer present in the trading crowd. In that instance, if a trade occurs because someone accepted the stale bid/offer, either the member who initiated the bid/offer, the Specialist or the other members of the trading crowd will be required to honor the trade. Regardless of who honors the trade, the intent of this proposal is to deter these occurrences by imposing fines for such conduct. The proposed language refers to being "out" of a market for reasons including (but not limited to) an execution or a departure from the crowd. Other reasons may also apply, but the Exchange determined that an exhaustive list is neither possible, nor necessary, and, therefore, the violation involve the general failure to inform the Specialist, regardless of the particular reason for being "out."

Failure to uphold the obligations imposed by new paragraph (b) will subject the member of the fine.<sup>5</sup> Fines are imposed by Option Floor Officials who would make a determination based upon the facts of the case whether a stale quote was caused by a Specialist not using the due diligence to ensure that the best available bid and offer is displayed pursuant to paragraph (a) or whether it was caused by a Floor Broker or ROT not using due diligence to inform the Specialist that it was longer bidding/offering at that price, pursuant to paragraph (b) of the Advice. The Exchange believes that the proposed fine schedule is appropriate and reasonable. Specifically, violations of proposed new paragraph (b) of the Advice involving a failure to notify the Specialist when a Floor Broker or ROT is "out" of a market are within the purview of Phlx Rule 970 and are otherwise designed to be easily verifiable and objective. The proposed fines are comparable to those in other advices, such as Advices A-2, B-4 and B-5.

The Advice will apply on both the Equity/Index Options floor and the Foreign Currency Options floor.

<sup>5</sup> The fine schedule applicable to proposed new paragraph (b) of the Advice will be as follows:

1st Occurrence—\$250,000.

2nd Occurrence—\$500,000.

3rd and Thereafter—Sanction is discretionary with Business Conduct Committee.

The fine schedule applicable to specialists, which will remain unchanged, is as follows:

1st Occurrence—\$50.00.

2nd Occurrence—\$100.00.

3rd Occurrence—\$250.00.

4th and Thereafter—Sanction is discretionary with Business Conduct Committee.

2. Statutory Basis

The Exchange represents that the proposed rule change is consistent with Section 6(b)(5) of the Act<sup>6</sup> in that it is designed to promote just and equitable principles of trade, prevent fraudulent and manipulative acts and practices, protect investors and the public interest, as well as prevent unfair discrimination among customers, issuers, brokers or dealers by ensuring the dissemination of accurate option market quotes.

*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.

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

The Exchange represents that no written comments were solicited or received regarding the proposed rule change.

**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 or (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 of 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-97-53 and should be submitted by February 19, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

**Margaret H. McFarland,**  
*Deputy Secretary.*

[FR Doc. 98-2192 Filed 1-28-98; 8:45 am]  
BILLING CODE 8010-01-M

**SMALL BUSINESS ADMINISTRATION**

**[Declaration of Disaster #3045]**

**State of Florida (Amendment #1)**

In accordance with notices from the Federal Emergency Management Agency dated January 12 and 14, 1998, the above-numbered Declaration is hereby amended to include the counties of Citrus, Lake, Orange, Pasco, and Sumter in the State of Florida as a disaster area due to damages caused by severe storms, high winds, tornadoes, and flooding, and to establish the incident period for this disaster as beginning on December 25, 1997 and continuing through January 14, 1998.

In addition, applications for economic injury loans from small businesses located in the contiguous counties of Levy, Marion, Seminole, and Volusia in the State of Florida may be filed until the specified date at the previously designated location. All other information remains the same, i.e., the deadline for filing applications for physical damage is March 7, 1998 and for economic injury the termination date is October 6, 1998.

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

Dated: January 16, 1998.

**Bernard Kulik,**  
*Associate Administrator for Disaster Assistance.*

[FR Doc. 98-2232 Filed 1-28-98; 8:45 am]  
BILLING CODE 8025-01-P

**SMALL BUSINESS ADMINISTRATION**

**[Declaration of Disaster #3052]**

**State of Maine**

As a result of the President's major disaster declaration on January 13, 1998

for Public Assistance only, and an amendment thereto on January 15, 1998 adding Individual Assistance, I find that the entire State of Maine constitutes a disaster area due to damages caused by severe ice storms, rain and high winds beginning on January 5, 1998 and continuing. Applications for loans for physical damages may be filed until the close of business on March 16, 1998, and for loans for economic injury until the close of business on October 15, 1998 at the address listed below or other locally announced locations:

U.S. Small Business Administration,  
Disaster Area 1 Office, 360 Rainbow Blvd. South, 3rd Floor, Niagara Falls, NY 14303

In addition, applications for economic injury loans from small businesses located in the contiguous counties of Carroll, Coos, Rockingham, and Strafford in the State of New Hampshire may be filed until the specified date at the above location.

The interest rates are:

	Percent
Physical Damage:	
HOMEOWNERS WITH CREDIT AVAILABLE ELSEWHERE ....	7.625
HOMEOWNERS WITHOUT CREDIT AVAILABLE ELSEWHERE .....	3.812
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 .....	7.125
For Economic Injury:	
BUSINESSES AND SMALL AGRICULTURAL COOPERATIVES WITHOUT CREDIT AVAILABLE ELSEWHERE ....	4.000

The number assigned to this disaster for physical damage is 305211. For economic injury the numbers are 972000 for Maine and 972100 for New Hampshire.

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

Dated: January 16, 1998.

**Bernard Kulik,**  
*Associate Administrator for Disaster Assistance.*

[FR Doc. 98-2234 Filed 1-28-98; 8:45 am]  
BILLING CODE 8025-01-P

<sup>6</sup> 15 U.S.C. 78f(b)(5).

<sup>7</sup> 17 CFR 200.30-3(a)(12).