conforming change to the Rule 9600 Series.[27]

III. Discussion

For the reasons discussed below, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and the regulations thereunder applicable to registered securities associations, in particular the requirements of Section 15A(b)(6) of the Act.[28] Among other things, Section 15A(b)(6) of the Act requires that the rules of a national securities association be designed 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, and in general, to protect investors and the public interest.

In particular, the Commission believes that the proposed rule change will discourage the revival of disciplined firms that have been barred by the industry or that have had their registrations revoked by the Commission. In essence, firms that decide to hire significant numbers of employees from disciplined firms will be required to ensure a proper supervisory environment that protects investors and prevents fraudulent and manipulative telemarketing acts and practices. The monitoring of registered persons' telephone conversations will help to provide additional supervision of individuals who formerly worked at a disciplined firm where they were inadequately trained and supervised.

In the Notice, the Commission requested comments on all aspects of the proposal, as well as the need to inform investors that their calls are being taped. The Commission received one comment letter concerning the proposal. The SIA expressed general concerns about tape recording conversations as a method of supervision. While the Commission recognizes the limitations of this form of supervision, the Commission believes that if registered persons know their phone calls are being taped then they are more likely to avoid making false or exaggerated representations. In addition, compliance officals will have another tool to monitor persons who worked previously at firms with significant sales practice problems. Moreover, the fact that tapes of the telephone conversations will be available to persons who have disputes with broker-dealer firms will spur firms with a substantial percentage of representatives from an expelled firm to take extra measures to supervise these persons.

No comments were received concerning the issue of notice to investors that their calls are being taped. NASD Regulation has indicated its belief that the issue of notification is addressed by state privacy laws and that firms will be required to independently determine that state laws are satisfied. The Commission believes that the best practice would be for member firms to notify their registered persons and customers that their telephone calls are being tape recorded.

The Commission expects the NASD to monitor the Rule and assess its effectiveness. For example, the NASD should monitor the number of firms that become subject to the Rule as well as firms that hire representatives from disciplined firms but do not trigger the taping requirement to see if there is a need to adjust the percentages. Also, the NASD should monitor the number of firms exempt from the Rule because they have five or fewer employees to determine if this is an effective exclusion. Furthermore, the NASD should make sure firms comply with state laws on notification.

The Commission finds good cause for approving Amendment No. 2 prior to the thirtieth day after the date of publication of notice thereof in the Federal Register. Amendment No. 2 applies the proposal to member firms with a work force comprised of a specified number of registered persons who were employed by a ''disciplined firm'' within the last three years instead of two years.[29] In the Notice, the Commission requested comment on whether the original two-year time frame was appropriate. Although no comments were received on this issue, NASD Regulation and the Commission believe that a three-year time frame will better capture registered persons who worked at disciplined firms during a period of inadequate training, supervision, and sales practice abuses. Therefore, the Commission believes that granting accelerated approval to Amendment No. 2 is appropriate and consistent with Section 15A of the Act.[30]

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning Amendment No. 2 to the proposed rule change, 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, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments,′ all written statements with respect to Amendment No. 2 that are filed with the Commission, and all written communications relating to Amendment No. 2 between the Commission and any persons, 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 the filing will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to File No. SR–NASD–97–69 and should be submitted by May 15, 1998.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[31] that the proposed rule change (SR–NASD–97–69), including Amendment No. 2 thereto, is approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[32]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98–10796 Filed 4–22–98; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–39881; File No. SR–PCX–98–16]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto by the Pacific Exchange, Inc., Relating to Communication Devices on the Trading Floor

April 16, 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 March 31, 1998, the Pacific Exchange, Inc. (''PCX''

[27] *See, e.g.,* letters from Edwards, Barington, Cullum, Duke I, Duke II, Duncan-Smith, GKN, Hoak, Morgan Stanley, Baird, and Montgomery.

[28] 15 U.S.C. § 78*o*–3(b)(6).

[29] Amendment No. 2 also makes several technical amendments which clarify the application of the previously noticed changes to Rules 3010 and 9610.

[30] 15 U.S.C. § 78*o*–3.

[31] 15 U.S.C. § 78s(b)(2).

[32] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

or ''Exchange'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. On April 16, 1998, the Exchange filed Amendment No. 1 to the proposal with the Commission.[3] 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 adopt new Rule 4.22 relating to telephone and electronic communications on the trading floors of the Exchange.

Text of Proposed Rule Change.[4]

¶38 Communications to and on the Floor

Rule 4.22 No Member of Member Organization may establish or maintain any telephonic or electronic communication between the Floor and any other location, or between locations on the Floor, without the prior approval of the Exchange

[OFPA F–3 ¶7803 Subject: Communication Access To and From the Options Trading Floor Pursuant to Rule XVII, prior approval by the Exchange will be required before the installation of any form of direct private communication devices, including PT&T and Western Union voice lines and teletype or similar hard copy wire connections. Such approval will be granted only if the connection from the Options Trading Floor terminates in one of the following manners: (1) At an office of a PSE member organization. (2) At a floor facility of a PSE member organization on the Options Trading Floor of another national securities exchange, subject to the approval of that exchange. (3) At either of the Equity Trading Floor of PSE. Approval will not be granted for connections terminating at any facility of a person or organization who or which is not a member organization of PSE. Standard (non-private, non-direct) telephones may be installed on the Options Trading Floor in member organizations assigned floor booths as desired but all requests for such installation must be directed to the Options Floor Manager for purposes of coordination. In making use of communications access to and from the Options Trading Floor members are reminded of the provisions of Section 12(k) of Rule I.]

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 is making this proposed rule change as a housekeeping measure to assure that the Exchange's rules state expressly that Members and Member Organizations must obtain prior approval before establishing or maintaining telephonic or electronic communications between the Floor and other locations, or between locations on the Floor. The Exchange believes that the provision will improve upon its current rules, including Options Floor Procedure Advice F–3,[5] by providing its Members and Member Organizations with clear notice of the requirement for Exchange approval.

The Exchange is proposing to adopt new Rule 4.22, which provides that no Member or Member Organization may establish or maintain any telephonic or electronic communication between the Floor and any other location, or between locations on the Floor, without the prior approval of the Exchange.

The Exchange is also proposing to eliminate Options Floor Procedure Advice (''OFPA'') F–3 relating to communication access to and from the Options Trading Floor. The Exchange believes that proposed Rule 4.22 adequately replaces OFPA F–3, which is obsolete.

The Exchange notes that proposed Rule 4.22 is substantially similar to Rule 220 of the American Stock Exchange and Rule 6.23 of the Chicago Board Options Exchange.

2. Statutory Basis

The proposal is consistent with Section 6(b)[6] of the Act, in general, and Section 6(b)(5)[7] of the Act, in particular, in that it is designed to protect investors and the public interest and to promote just and equitable principles of trade.

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

No written comments were either solicited or 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 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, 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

[3] *See* letter from Michael D. Pierson, Senior Attorney, PCX to David Sieradzki, Attorney, Commission dated April 13, 1998 (Amendment No. 1). In Amendment No. 1, the Exchange clarified the purpose section of the filing.

[4] Italics indicates text to be added and brackets indicates material to be deleted.

[5] The Commission notes that, as part of the current filing, the Exchange proposes to delete Options Floor Procedure Advice F–3.

[6] 15 U.S.C. 78f(b).

[7] 15 U.S.C. 78f(b)(5).

the principal office of the Exchange. All submissions should refer to File No. SR–PCX–98–16 and should be submitted by May 14, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[8]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98–10750 Filed 4–22–98; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–39882; File No. SR–Phlx–97–62]

Self-Regulatory Organizations; Order Granting Approval of Proposed Rule Change by the Philadelphia Stock Exchange, Inc., To Amend its By-Law Article X, Sections 10–16, 10–17 and 10–19 To Require That Each of its Trading Floor Committees Consult With Its Corresponding Quality of Markets Committee on All Matters of Policy and All Matters That Are To Be Presented to the Board

April 17, 1998.

I. Introduction

On December 29, 1997, the Philadelphia Stock Exchange, Inc. (''Phlx'' or ''Exchange'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') a proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder.[2] In this filing, the Phlx proposed amendments to By-Law Article X, Sections 10–16, 10–17 and 10–19. Notice of the proposed rule change was published in the **Federal Register** on March 17, 1998.[3] The Commission received no comments on the proposal.

II. Description of the Proposal

Phlx By-Law Article X, Sections 10–16, 10–17 and 10–19 set forth the charters of the Exchange's various trading floor standing committees. The proposed amendments specify that each of the trading floor standing committees shall consult with its respective quality of markets committee on all matters of policy and all matters that are to be presented to the Phlx Board of Governors. The proposed amendments are intended to foster the sharing of views on policy and other matters between the various trading floor standing committees (Floor Procedure, Foreign Currency Options and Options) and corresponding quality of markets committees. The intended sharing of views on all policy matters is designed to bring the perspectives of the non-industry representatives of the various quality of markets committees to matters that may be referred to the Board of Governors by the various trading floor standing committees.

III. Discussion

The Commission believes the proposal is consistent with the Act in general, and in particular, with Section 6(b)(3) of the Act.[4] Section 6(b)(3) of the Act requires that the rules of an exchange assure a fair representation of its members in the selection of its directors and administration of its affairs and provide that one or more directors shall be representative of issuers and investors and not be associated with a member of the exchange, broker, or dealer.

Phlx By-Law Article X, Section 10–20 requires that the quality of markets committees have broad representation that shall be equally balanced between industry and non-industry committee members. Thus, by requiring that the Phlx's quality of markets committees participate in the Phlx's policy making process, the proposal should help to ensure that the Phlx's rules fairly represent the views of all of the Phlx's members and constituents, including investors. The Commission believes that by promoting the participation of non-industry representatives in the decision making process of the Phlx, the proposal is consistent with Section 6(b)(3) of the Act.

Accordingly, the Commission believes the proposed rule change is consistent with Section 6 of the Act[5] in general, and in particular, with Section 6(b)(3) in that it is designed to assure a fair representation in the administration of the Exchange's affairs.[6]

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[7] that the proposed rule change SR–Phlx–97–62 be and hereby is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[8]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98–10751 Filed 4–22–98; 8:45 am]

BILLING CODE 8010–01–M

[8] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

[3] Securities Exchange Act Release No. 39472 (March 11, 1998), 63 FR 13082 (March 17, 1998). The notice of the rule change included the publication of a technical amendment to the proposal, which was filed with the Commission on March 10, 1998.

[4] 15 U.S.C. 78f(b)(3).

[5] 15 U.S.C. 78f.

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

[7] 15 U.S.C. 78s(b)(2).

[8] 17 CFR 200.30–3(a)(12).

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3076]

State of Alabama

As a result of the President's major disaster declaration on April 9, 1998, I find that Jefferson, St. Clair, and Tuscaloosa Counties in the State of Alabama constitute a disaster area due to damages caused by severe storms and tornadoes beginning on April 8, 1998 and continuing. Applications for loans for physical damages as a result of this disaster may be filed until the close of business on June 8, 1998, and for loans for economic injury until the close of business on January 11, 1999 at the address listed below or other locally announced locations:

U.S. Small Business Administration, Disaster Area 2 Office, One Baltimore Place, Suite 300, Atlanta, GA 30308

In addition, applications for economic injury loans from small businesses located in the following contiguous counties in Alabama may be filed until the specified date at the above location: Bibb, Blount, Calhoun, Etowah, Fayette, Greene, Hale, Pickens, Shelby, Talladega, and Walker.

The interest rates are:

	Percent
Physical Damage:	
Homeowners with credit available elsewhere	7.000
Homeowners without credit available elsewhere	3.500
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 numbers assigned to this disaster are 307612 for physical damage and 983300 for economic injury.

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