

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with Sections 17A(b)(3) (A) and (F) of the Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-NSCC-96-13) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-27093 Filed 10-22-96; 8:45 am]

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[Release No. 34-37824; File No. SR-ODD-96-1]

Self-Regulatory Organizations; The Options Clearing Corporation; Order Approving Proposed Supplement to Options Disclosure Document Regarding Flexible Exchange Options ("FLEX Options")

October 15, 1996.

On October 4, 1996, The Options Clearing Corporation ("OCC") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Rule 9b-1 under the Securities Exchange Act of 1934 ("Act"),¹ five definitive copies of a Supplement to its options disclosure document ("ODD"), which describes, among other things, the risks and characteristics of trading in flexibly structured options overlying individual stocks ("FLEX Equity Options").

The ODD currently contains general disclosures on the characteristics and risks of trading flexibly structured options ("FLEX Options"). At the time the FLEX Options disclosure was approved,² the Commission had approved Exchange proposals to trade FLEX Options overlying particular indexes ("FLEX Index Options"). Since that time, the Commission has approved Exchange proposals to trade FLEX Equity Options.³ OCC now proposes

this Supplement, which is to be read in conjunction with the more general ODD entitled "Characteristics and Risks of Standardized Options," that provides disclosures to specifically accommodate the introduction of FLEX Equity Options and to reflect current rules of the options markets on which FLEX Equity Options are traded.⁴ Pursuant to Rule 9b-1, the Supplement will have to be provided to investors in FLEX Equity Options before their accounts are approved for FLEX Equity Options transactions or their orders for FLEX Equity Options are accepted.

The Commission has reviewed the ODD Supplement and finds that it complies with Rule 9b-1 under the Act. The Supplement is intended to be read in conjunction with the ODD, which discusses the characteristics and risks of options, including FLEX Options, generally. The Supplement provides additional information regarding FLEX Equity Options sufficient to further describe the special characteristics and risks of these products.

Rule 9b-1 provides that an options market must file five preliminary copies of an amended ODD with the Commission at least 30 days prior to the date definitive copies of the ODD are furnished to customers, unless the Commission determines otherwise, having due regard to the adequacy of information disclosed and the protection of investors.⁵ The Commission has reviewed the Supplement, and finds that it is consistent with the protection of investors and in the public interest to allow the distribution of the Supplement as of the date of this order.

It is therefore ordered, pursuant to Rule 9b-1 under the Act,⁶ that the proposed Supplement regarding FLEX Equity Options is approved, on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,
Deputy Secretary.

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pursuant to Rule 9b-1 under the Act. *See also* Securities Exchange Act Release No. 37630 (September 3, 1996) (File No. SR-OCC-96-03).

⁴ *See e.g.*, Securities Exchange Act Release No. 37726 (September 25, 1996) (File Nos. SR-Amex-96-29, SR-CBOE-96-56, and SR-PSE-96-31) (order approving proposals to restrict the available exercise prices for FLEX equity call options).

⁵ This provision is intended to permit the Commission either to accelerate or extend the time period in which definitive copies of a disclosure document may be distributed to the public.

⁶ 17 CFR 240.9b-1.

⁷ 17 CFR 200.30-3(a)(39).

[Release No. 34-37838; File No. SR-PHLX-96-42]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc., Relating to Limiting Time for Submission of Settlement Offers

October 17, 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 September 27, 1996, the Philadelphia Stock Exchange, Inc. ("PHLX" 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. 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

Currently, PHLX Rule 960.7, "Offers of Settlement," allows a respondent in any proceeding under the PHLX's disciplinary rules to submit a written settlement offer to the Exchange's Business Conduct Committee ("BCC") at any time during the course of the proceeding. The PHLX proposes to amend PHLX Rule 960.7 to limit the time when a respondent may submit a written settlement offer to the BCC to within 120 calendar days immediately following the date of service of the statement of charges upon the respondent. Under the proposal, the Exchange may schedule a hearing during the 120-day period immediately following the date of service of the statement of charges or as soon as practicable thereafter. The BCC may consider a settlement offer submitted after the 120-day period as long as consideration of the offer does not delay the hearing in the matter.

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

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

The purpose of this proposal is to adopt a time limit during which respondents involved in a disciplinary matter before the PHLX's BCC may submit offers of settlement. Presently, under PHLX Rule 960.7, a respondent may submit an offer of settlement at any time during the course of the proceedings. Because the language allows for offers of settlement to be submitted at any time, the 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.

Thus, the Exchange proposes to amend PHLX Rule 960.7 in order to allow offers of settlement to be submitted only during the 120-day period immediately following the date of service of the statement of charges upon a respondent. The BCC could then schedule hearings after the 120 days knowing that there will not be last minute requests for continuances based upon late offers of settlement. Under proposed Interpretation and Policy .01, the BCC may also schedule a hearing during the 120-day period immediately following the date of service of the statement of charges on the respondent.¹ The BCC will continue to have the ability to entertain offers of settlement after the 120 days if its review does not delay the scheduled hearing in the matter.

The PHLX believes that the proposed rule change is consistent with Section 6 of the Act in general, and in particular, with Section 6(b)(5), in that it is designed to promote just and equitable principles of trade, to 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, 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.

(B) Self-Regulatory Organization's Statement on Burden on Competition

The PHLX 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 received or requested.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of 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 reason 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 the filing will also be available for inspection and copying at the principal office of the above mentioned self-regulatory organization. All submissions should refer to file number SR-PHLX-96-42 and should be submitted by November 13, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-27144 Filed 10-22-96; 8:45 am]

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**OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE**

[Docket No. 301-107]

**Initiation of Section 302 Investigation
and Request for Public Comment:
Australian Subsidies Affecting Leather**

AGENCY: Office of the United States Trade Representative.

ACTION: Notice of initiation of investigation; request for written comment.

SUMMARY: The United States Trade Representative (USTR) has initiated an investigation under section 302(a) of the Trade Act of 1974, as amended (the Trade Act), with respect to certain acts, policies and practices of the Government of Australia with respect to subsidies affecting leather. USTR invites written comments from the public on the matters being investigated and the determinations to be made under section 304 of the Trade Act.

DATES: This investigation was initiated on October 3, 1996. Written comments from the public are due on or before noon on Tuesday, November 5, 1996.

ADDRESSES: Office of the United States Trade Representative, 600 17th Street, NW, Washington, D.C. 20508.

FOR FURTHER INFORMATION CONTACT: Ron Lorentzen, Director for WTO Industrial Issues, (202) 395-3063, or Audrey Winter, Associate General Counsel, (202) 395-7305.

SUPPLEMENTARY INFORMATION: On August 19, 1996, the Coalition Against Australian Leather Subsidies filed a petition pursuant to section 302(a) of the Trade Act (19 U.S.C. 2412(a)) alleging that certain subsidy programs of the Government of Australia constitute acts, policies and practices that violate, or are inconsistent with and otherwise deny benefits to the United States under the General Agreement on Tariffs and Trade 1994 (GATT) and the Agreement on Subsidies and Countervailing Measures (SCM Agreement). In particular, the petition alleges that the Government of Australia has instituted certain subsidy programs which provide substantial assistance to the domestic leather tanning industry in Australia in the form of credits for the export of eligible goods and services based upon the value added to the exported product in Australia. These credits can be used to offset duties on eligible imports or,

¹ Under PHLX Rule 960.5, "Hearing," a respondent must be given at least 15 business days notice of the time of a hearing.

² 17 CFR 200.30-3(a)(12) (1995).