

efficiency of the Wheel and eliminating a disproportionate allotment to the specialist in larger crowds. This proposal specifically addresses the issue of specialist rotation frequency raised by commenters on the aforementioned proposed rule change.⁷

Specifically, Advice F-24(e) is proposed to be amended such that the specialist would receive every tenth execution, if there are 16 or more Wheel participants in a particular issue. As stated above, the purpose of this change is to more equitably allocate Wheel participation in larger crowds. The Exchange notes that a greater participation level for specialists in smaller crowds is currently applicable pursuant to Rule 1014(g)(ii) and (iii), the enhanced specialist participation provisions.

The Exchange is also proposing to enable the Options Committee to establish a different rotation increment not to exceed ten contracts. Currently, as explained above, the Wheel rotates in different increments, depending upon the size of the AUTO-X guarantee in that issue. For instance, where the AUTO-X guarantee is for one to ten contracts, the Wheel rotates in two lot increments, meaning a ten lot would be divided in two lots to five Wheel participants. Where the AUTO-X guarantee is 11-25 contracts, the Wheel rotates in five lot increments, and where the guarantee exceeds 25 contracts (up to the maximum permissible 50 contracts), the Wheel rotates in ten lot increments. At this time, the Exchange proposes to allow the Wheel to rotate in an increment larger than permissible under the current framework, but no greater than ten contracts. The Options Committee may determine to allow a differing rotation, if requested by the Specialist and wheel participants, and following adequate notice to the trading floor.

The purpose of this provision is to improve the efficiency of the Wheel by allowing a greater rotation increment, meaning fewer participants and reports generated, in specific situations. Certain options may be subject to a lower, ten contract guarantee due to the high volatility associated with the underlying security(ies), yet, due to heavy volume, warrant a larger, more efficient wheel rotation increment. Also, very small trading crowds (with few Wheel participants) may request a larger rotation increment to reduce the number of executions received by each participant, preferring to accept larger but more infrequent execution reports. The Exchange believes that this

provision should improve Wheel efficiency by recognizing that the trading patterns and dynamics of trading crowds differ extensively across the options floor.

The Exchange notes that this proposal does not affect the price or time of AUTO-X executions. AUTO-X trades receive an automatic execution with immediate reporting, and the Wheel determines only the identity of the contra-side participant, as opposed to the process, time of price of the actual execution.

For these reasons, the Exchange believes the proposed rule change is consistent with Section 6 of the Act⁸ in general, and in particular, with Section 6(b)(5),⁹ in that it is designed to promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, and does not permit unfair discrimination between customers, issuers, brokers and dealers, by more fairly allocating Wheel trades to specialist in larger crowds.

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

Although no written comments were either solicited or received specifically on this proposal, the Exchange received a petition dated January 20, 1997 generally requesting changes to the Wheel.

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 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, 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 in the Commission's Public Reference Section, 450 Fifth Street, NW, Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the Phlx. All submissions should refer to File No. SR-Phlx-97-20 and should be submitted by June 6, 1997.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-12882 Filed 5-15-97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38615; International Series Release No. 1079; File No. SR-ISCC-96-05]

Self-Regulatory Organizations; International Securities Clearing Corporation; Notice of Filing of a Proposed Rule Change Relating to Election of Directors

May 12, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on October 11, 1996, the International Securities Clearing Corporation ("ISCC") filed with the Securities and Exchange Commission ("Commission") and on October 17, 1996, December 11, 1996, March 21, 1997, and May 8, 1997, filed amendments to the proposed rule change (File No. SR-ISCC-96-05) as described in Items I, II, and III below, which items have been prepared primarily by ISCC. The Commission is publishing this notice to solicit

⁷ See SR-Phlx-96-49.

⁸ 15 U.S.C. 78f.

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

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

ISCC is filing the proposed rule change to amend its procedures for election of directors.

II. Self-Regulatory Organization's Statement of the Purpose of and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, ISCC 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. ISCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The purpose of the proposed rule is to modify ISCC's by-laws and to adopt an Amended and Restated Shareholders Agreement between ISCC and the National Securities Clearing Corporation ("NSCC"), ISCC's sole shareholder. ISCC's current by-laws and shareholders agreement set forth provisions establishing the number and composition of ISCC's board as well as the procedures for the election of directors. Such provisions provide for a staggered board of twenty-two directors composed of management, shareholder, and participant directors divided into four classes. Each director is nominated by a nominating committee consisting of seven members. ISCC participants have the opportunity to nominate additional candidates for directors and the right to vote in the event that additional nominees are submitted by participants.

In connection with its original application for registration as a clearing agency, ISCC obtained and continues to have a temporary exemption from Section 17A(b)(3)(C) of the Act,³ which exemption permits NSCC to retain control over the composition of ISCC's board.⁴ Since that time, NSCC has

continued to appoint ISCC's entire board.

The proposed rule change retains the process of the selection of directors by the nominating committee, but the nominating committee will be reduced from seven persons to three persons divided into two classes whose terms would expire on a staggered basis every two years. Beginning in 1998, at least fifteen business days prior to the regularly scheduled board meeting, which is (i) closest in time to the upcoming annual meeting of shareholders and (ii) at least ninety days before such annual meeting, the nominating committee will submit by overnight mail or by telefax its list of nominees to fill the nominating committee positions whose terms are expiring immediately following such annual meeting (*i.e.*, for the nominating committee that will serve for the next year's election).⁵ The Secretary will include such list in the materials sent to the directors in connection with such board meeting.

At the board meeting, the board may nominate individuals for one or more vacancies on the nominating committee. The board must notify the Secretary of any nominations within two business days of the meeting by overnight mail, telefax, or telephone. Within three days of receipt of nominees from the board, the Secretary must mail a list of all nominees to each participant.

Participants have the right to nominate candidates for the nominating committee and for the board of directors by filing with the Secretary, not less than sixty days prior to the date of the annual meeting, a petition signed by the lesser of 5% of all participants or fifteen participants. If a participant petition is filed or the board nominates additional candidates to the nominating committee, the Secretary will mail, at least forty-five days prior to the date of the annual meeting, to each participant a ballot setting forth all of the nominees. Each participant is entitled to one vote for each ten dollars of its average monthly fee payable or paid by the participant to ISCC during the previous twelve month period. Participants must

members, each participant would have had inordinate control of the nominations and voting. Moreover, NSCC was interested in controlling ISCC's board because it believed the financial risk it had assumed on ISCC's behalf due to its guarantee of certain ISCC obligations was substantial. Securities Exchange Act Release No. 26812 (May 12, 1989), 54 FR 21691 (order granting temporary approval of ISCC's registration as a clearing agency).

⁵The nominating committee that will select candidates for the 1998 annual meeting of shareholders will be appointed by the board of directors.

return their ballots to the Secretary at least fifteen days prior to the annual meeting. NSCC will then vote its shares in favor of the nominees selected by the participants.

The board of directors will also be reduced from twenty-two to seven directors of which two will be selected by NSCC. The NSCC directors will serve one year terms. The other five directors will be divided into three classes and their terms will expire on a staggered basis. ISCC believes that the reduced size of its board of directors and nominating committee is more suitable given ISCC's relatively small number of participants (forth-four as of September 30, 1996). Furthermore, ISCC believes that because its board will no longer be selected by NSCC upon approval of the changes proposed herein, there will no longer be a need for ISCC to receive an exemption from the fair representation requirement.

The proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder. In particular, the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act⁶ because it enables ISCC to comply with Section 17A(b)(3)(C) of the Act⁷ thereby eliminating the need for ISCC to obtain an exemption from complying with such requirement.

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

ISCC does not believe that the proposed rule change will have an impact on or impose a 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 relating to the proposed rule change have been solicited or received. ISCC will notify the Commission of any written comments received by ISCC.

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

Within thirty-five 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 ninety 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 ISCC consents, the Commission will:

⁶ 15 U.S.C. 78q-1(b)(3)(F).

⁷ 15 U.S.C. 78q-1(b)(3)(C).

² The Commission has modified these summaries.

³ 15 U.S.C. 78q-1 (b)(3)(C).

⁴ At the time of its initial temporary registration, ISCC argued that it did not have a meaningful participant base which required the protections for fair representation. (ISCC had twelve participants.) ISCC believed that if only a small number of participants were able to use the provisions for the nomination of the board and nominating committee

- (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 the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of ISCC. All submissions should refer to the file number (ISCC-96-05) and should be submitted by June 6, 1997.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-12892 Filed 5-15-97; 8:45 am]

BILLING CODE 8010-01-M

DEPARTMENT OF STATE

[Public Notice 2544]

Bureau of Oceans and International Environmental and Scientific Affairs; International Harmonization of Chemical Safety and Health Information

AGENCY: Bureau of Oceans and International Environmental and Scientific Affairs (OES); Department of State.

ACTION: Notice of a public meeting regarding Government Activities on International Harmonization of Chemical Classification and Labeling Systems.

SUMMARY: This public meeting follows the close of the comment period on this subject on June 2, 1997. The **Federal Register** of April 3, 1997 contained

Department of State Public Notice 2526 on pages 15951-15957. Please refer to the notice for more complete information on the harmonization process. The meeting will offer the opportunity for interested organizations and individuals to provide information and views for consideration in the development of U.S. government policy positions in follow-up to the above-mentioned **Federal Register** notice.

The date of the meeting is June 5, 1997. It will be held at the U.S. Department of Labor, 200 Constitution Avenue, Washington, DC, in room S4215ABC. Use the entrance at C and Third Streets, NW. To facilitate entry, please have a picture ID available and/or a U.S. government building pass if applicable. The meeting will begin at 10:00 a.m. and is scheduled to last two hours.

Participants in the meeting may submit written comments as well as speak on topics relating to harmonization of chemical classification and labeling systems. Representatives of the following agencies will participate in the meeting: The Environmental Protection Agency, Department of State, Department of Commerce, Food and Drug Administration, Department of Agriculture, U.S. Trade Representative, Consumer Product Safety Commission, Department of Transportation, Occupational Safety and Health Administration, and the National Institute of Environmental Health Sciences. The agenda will include an update on the progress of harmonization efforts, comments received in response to the April 3 **Federal Register** notice, and a review of upcoming international meetings.

For further information, please contact Mary Frances Lowe, U.S. Department of State, OES/ENV, Room 4325, 2201 C Street, NW, Washington, D.C., 20520, Phone: (202) 647-9278, fax: (202) 647-5947.

Comments in writing may be submitted to Ms. Lowe at the address or fax number provided above.

Dated: May 8, 1997.

Michael Metelits,

Director, Office of Environmental Policy, Bureau of Oceans and International Environmental and Scientific Affairs.

[FR Doc. 97-12861 Filed 5-15-97; 8:45 am]

BILLING CODE 4710-09-M

DEPARTMENT OF STATE

[Public Notice No. 2542]

Shipping Coordinating Committee Council and Associated Bodies; Notice of Meeting

The Shipping Coordinating Committee (SHC) will conduct an open meeting at 10:00 a.m. on Tuesday, June 3, 1997, in Room 1103, at U.S. Coast Guard Headquarters, 2100 Second Street, SW., Washington, DC 20593-0001. The purpose of the meeting is to finalize preparations for the 78th session of the Council and the 44th Session of the Technical Cooperation Committee of the International Maritime Organization (IMO), which are scheduled for June 23-27, 1997, at IMO Headquarters in London. At the meeting, discussions will focus on papers received and draft U.S. positions. Among other things, the items of particular interest are:

- Reports of the IMO committees.
- Review of the IMO technical cooperation activities.
- Relations with the United Nations.
- Reports for World Maritime University and International Maritime Law Institute.
- Work program and budget for 1998-1999.
- Administrative and financial matters.

Members of the public may attend the meeting up to the seating capacity of the room. Interested persons may seek information by writing: Mr. Gene F. Hammel, U.S. Coast Guard Headquarters (G-CI), 2100 Second Street, SW., Room 2114, Washington, DC 20593-0001, by calling: (202) 267-2280, or by faxing: (202) 267-4588.

Dated: May 6, 1997.

Russell A. LaMantia,

Chairman, Shipping Coordinating Committee.

[FR Doc. 97-12848 Filed 5-15-97; 8:45 am]

BILLING CODE 4710-07-M

DEPARTMENT OF STATE

[Public Notice 2540]

Preparation of Special Report on the Regional Impacts of Climate Change

AGENCY: Bureau of Oceans and International Environmental and Scientific Affairs, State.

ACTION: Notice of the availability of draft report and request for comments.

SUMMARY: Working Group II of the Intergovernmental Panel on Climate Change (IPCC) has prepared a Special Report on the Regional Impacts of Climate Change. The IPCC Secretariat requires comments on this report from

⁸ 17 CFR 200.30-3(a)(12).