

Phlx Rule 1009 (for securities that are not then the subject of standardized options trading) and Phlx Rule 1010 (for securities that are then the subject of standardized options trading).<sup>22</sup> Additionally, the Phlx is required to review the composition of the Index at least quarterly to ensure that the Index continues to meet this 90%/80% criterion.

The Phlx will promptly notify the Commission staff at any time that the Phlx determines that the Index fails to satisfy any of the above maintenance criteria. Further, in such an event, the Exchange will not open for trading any additional series of Index options unless the Exchange determines that such failure is not significant, and the Commission staff affirmatively concurs in that determination, or unless the Commission specifically approves the continued listing of that class of Index options pursuant to a proposal filed in accordance with Section 19(b) of the Act.

For the above reasons, the Commission believes that these criteria minimize the potential for manipulation of the Index and eliminate domination concerns.

#### B. Customer Protection

The Commission believes that a regulatory system designed to protect public customers must be in place before the trading of sophisticated financial instruments, such as OTC Industrial Index options, can commence on a national securities exchange. The Commission notes that the trading of standardized exchange-traded options occurs in an environment that is designed to ensure, among other things, that: (1) the special risks of options are disclosed to public customers; (2) only investors capable of evaluating and bearing the risks of options trading are engaged in such trading; and (3) special compliance procedures are applicable to options accounts. Accordingly, because the Index options will be subject to the same regulatory regime as the other standardized index options currently traded on the Phlx, the Commission believes that adequate safeguards are in place to ensure the protection of investors in OTC Industrial Index options.

#### C. Surveillance

The Commission believes that a surveillance sharing agreement between an exchange proposing to list a stock index derivative product and the

<sup>22</sup> Additionally, the securities contained in the Index must be "reported" securities and must be Nasdaq/NM securities.

exchange(s) trading the stocks underlying the derivative product is an important measure for surveillance of the derivative and underlying securities markets. Such agreements ensure the availability of information necessary to detect and deter potential manipulations and other trading abuses, thereby making the stock index product less readily susceptible to manipulation.<sup>23</sup> In this regard, the Commission notes that the NASD, the self-regulatory organization which oversees NASDAQ, the primary market for all of the Index's component securities, is a member of the ISG.<sup>24</sup> The Commission believes that this arrangement ensures the availability of information necessary to detect and deter potential manipulations and other trading abuses, thereby making the Index option less readily susceptible to manipulation.

#### D. Market Impact

The Commission believes that the listing and trading on the Phlx of OTC Industrial Index options will not adversely impact the markets for the securities contained in the Index.<sup>25</sup> First, as described above, no one security or group of securities represented in the Index currently dominates the Index and the maintenance standards will continue to ensure that such domination does not occur. Second, the maintenance criteria for the Index ensure that the Index will be substantially comprised of securities that satisfy the Exchange's listing standards for standardized options trading and that the component stocks are actively-traded and well capitalized. Third, the 9,000 contract position and exercise limits applicable to Index options will serve to minimize potential manipulation and market impact concerns.

Lastly, the Commission believes that settling expiring OTC Industrial Index options based on the opening prices of the component securities is consistent with the Act.

The Commission finds good cause for approving Amendment No. 2 to the proposal prior to the thirtieth day after the date of publication of notice of filing thereof in the Federal Register.

<sup>23</sup> See Securities Exchange Act Release No. 31243 (September 28, 1992), 57 FR 45849 (October 5, 1992).

<sup>24</sup> See *supra* note 16.

<sup>25</sup> The Commission notes that trading of Phlx OTC Industrial Average Index options is contingent upon the Exchange submitting to the Commission's Division of Market Regulation, the letter from OPRA ("OPRA Capacity Letter") to the Exchange indicating that the Exchange has adequate systems processing capacity to accommodate the listing of OTC Industrial Index options.

Specifically, Amendment No. 2 provides objective maintenance criteria which, for the reasons stated above, minimize the potential for manipulation of the Index and the securities comprising the Index. Further, as discussed above, the Commission believes that these maintenance criteria significantly strengthen the customer protection and surveillance aspects of the proposal, as originally proposed.

Based on the above, the Commission finds good cause for approving Amendment No. 2 to the proposed rule change on an accelerated basis and believes that the proposal, as amended, is consistent with Sections 6(b)(5) and 19(b)(2) of the Act.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning Amendment No. 2. 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 Section, 450 Fifth Street, N.W., Washington, D.C. Copies of such filing will also be available for inspection and copying at the principal office of the Phlx. All submissions should refer to the File Number SR-Phlx-95-92 and should be submitted by April 1, 1996.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>26</sup> that the proposed rule change (File No. SR-Phlx-95-92), as amended, is approved.<sup>27</sup>

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>28</sup>

Margaret H. McFarland,

*Deputy Secretary.*

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<sup>26</sup> 15 U.S.C. 78s(b)(2).

<sup>27</sup> As noted above, trading of OTC Industrial Index options is contingent upon the Exchange submitting the OPRA Capacity Letter to the Division of Market Regulation. See *supra* note 25.

<sup>28</sup> 17 CFR 200.30-3(a)(12).

**SMALL BUSINESS ADMINISTRATION****Reporting and Recordkeeping Requirements Under OMB Review**

**ACTION:** Notice of reporting requirements submitted for review.

**SUMMARY:** Under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35), agencies are required to submit proposed reporting and recordkeeping requirements to OMB for review and approval, and to publish a notice in the Federal Register notifying the public that the agency has made such a submission.

**DATES:** Comments should be submitted on or before April 12, 1996. If you intend to comment but cannot prepare comments promptly, please advise the OMB Reviewer and the Agency Clearance Officer before the deadline.

**COPIES:** Request for clearance (OMB 83-1), supporting statement, and other documents submitted to OMB for review may be obtained from the Agency Clearance Officer. Submit comments to the Agency Clearance Officer and the OMB Reviewer.

**FOR FURTHER INFORMATION CONTACT:**

Agency Clearance Officer: Jacqueline White, Small Business

Administration, 409 3rd Street, SW., 5th Floor, Washington, DC 20416, Telephone: (202) 205-6629

OMB Reviewer: Donald Arbuckle, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, DC 20503

**Title:** Nomination for the Small Business Prime Contractor and Subcontractor of the Year Award.

**Form No.** SBA Forms 883 and 1375.

**Frequency:** Annually.

**Description of Respondents:** Small Businesses.

**Annual Responses:** 369.

**Annual Burden:** 1,476.

**Title:** Prime Contracts Program

Quarterly Report.

**Form No.** SBA Form 843A and 843B.

**Frequency:** On occasion.

**Description of Respondents:**

Procurement Center Representatives.

**Annual Responses:** 335.

**Annual Burden:** 1,340.

**Title:** Small Business Investment Company (SBIC) Leverage Application Forms and Documents, Leverage Application Kits.

**Form No.** SBA 25, 26, 27, 28, 33, 34, 44C, 1022, 1022A, 1065, 444D.

**Frequency:** On occasion.

**Description of Respondents:** Small Business Investment Companies and Minority Small Business Investment Companies.

**Annual Responses:** 150.

**Annual Burden:** 1,040.

**Title:** Survey of High Technology Firms.

**Form No.** SBA Temporary Form 1967.

**Frequency:** One Time Survey.

**Description of Respondents:** Small Business.

**Annual Responses:** 1,200.

**Annual Burden:** 500.

Jacqueline White,

Acting Chief, Administrative Information Branch.

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**BILLING CODE 8025-01-M**

**DEPARTMENT OF TRANSPORTATION****Federal Aviation Administration****[Summary Notice No. PE-96-10]****Petitions for Exemption; Summary of Petitions Received; Dispositions of Petitions Issued**

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Notice of petitions for exemption received and of dispositions of prior petitions.

**SUMMARY:** Pursuant to FAA's rulemaking provisions governing the application, processing, and disposition of petitions for exemption (14 CFR Part 11), this notice contains a summary of certain petitions seeking relief from specified requirements of the Federal Aviation Regulations (14 CFR Chapter I), dispositions of certain petitions previously received, and corrections. The purpose of this notice is to improve the public's awareness of, and participation in, this aspect of FAA's regulatory activities. Neither publication of this notice nor the inclusion or omission of information in the summary is intended to affect the legal status of any petition or its final disposition.

**DATES:** Comments on petitions received must identify the petition docket number involved and must be received on or before April 2, 1996.

**ADDRESSES:** Send comments on any petition in triplicate to: Federal Aviation Administration, Office of the Chief Counsel, Attn: Rule Docket (AGC-200), Petition Docket No. \_\_\_\_\_, 800 Independence Avenue, SW., Washington, DC 20591.

Comments may also be sent electronically to the following internet address: nprmcmts@mail.hq.faa.gov.

The petition, any comments received, and a copy of any final disposition are filed in the assigned regulatory docket and are available for examination in the

Rules Docket (AGC-200), Room 915G, FAA Headquarters Building (FOB 10A), 800 Independence Avenue, SW., Washington, DC 20591; telephone (202) 267-3132.

**FOR FURTHER INFORMATION CONTACT:** Mr. D. Michael Smith, Office of Rulemaking (ARM-1), Federal Aviation Administration, 800 Independence Avenue, SW., Washington, DC 20591; telephone (202) 267-7470.

This notice is published pursuant to paragraphs (c), (e), and (g) of § 11.27 of Part 11 of the Federal Aviation Regulations (14 CFR Part 11).

Issued in Washington, DC, on May 7, 1996.

Donald P. Byrne,

Assistant Chief Counsel for Regulations.

**Petitions for Exemption**

**Docket No.:** 28486.

**Petitioner:** Zero-Gravity Corporation. **Sections of the FAR Affected:** 14 CFR 91.303 and 91.307(c).

**Description of Relief Sought:** To allow the Zero-Gravity Corporation to (1) Conduct parabolic flights without meeting the limitations on aerobatic flights in § 91.303 and (2) conduct certain flight maneuvers that exceed the limitations specified in § 91.307(c) without requiring aircraft occupants to wear an approved parachute.

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**BILLING CODE 4910-13-M**

**[Summary Notice No. PE-96-11]****Petitions for Exemption; Summary of Petitions Received; Dispositions of Petitions Issued**

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Notice of petitions for exemption received and of dispositions of prior petitions.

**SUMMARY:** Pursuant to FAA's rulemaking provisions governing the application, processing, and disposition of petitions for exemption (14 CFR Part 11), this notice contains a summary of certain petitions seeking relief from specified requirements of the Federal Aviation Regulations (14 CFR Chapter I), dispositions of certain petitions previously received, and corrections. The purpose of this notice is to improve the public's awareness of, and participation in, this aspect of FAA's regulatory activities. Neither publication of this notice nor the inclusion or omission of information in the summary is intended to affect the legal status of any petition or its final disposition.

**DATE:** Comments on petitions received must identify the petition docket