

change in the portfolio or futures positions which materially affects the unhedged value of the qualified portfolio. Fifth, the maximum hedge exemption position is two times the existing limit.¹⁵ The "two times the limit" is not automatic and the PSE has the authority to approve a hedge limit for less than that amount.

The Commission notes that the PSE's surveillance procedures are designed to detect as well as deter manipulation and market disruptions. In particular, the PSE will monitor the equity position of a person utilizing the hedge exemption on a daily basis to ensure that each option contract is hedged by the equivalent dollar amount of component securities.¹⁶ In addition, the PSE's Options Surveillance Department will monitor trading activity in PSE-traded index options and their underlying component stocks to detect potential frontrunning and manipulation, and to ensure that the closing of positions subject to the exemption is conducted in a fair and orderly manner. Violation of any of the provisions of the industry index hedge exemption, absent reasonable justification or excuse, will result in the withdrawal of the hedge exemption and subsequent denial of an application for a hedge exemption thereunder.

The Commission believes that it is reasonable for the PSE to allow firm and proprietary traders, as well as public customers, to utilize the proposed hedge exemption. The Commission believes that extending the narrow-based index option hedge exemption to firm and proprietary traders may help to increase the depth and liquidity of the market for industry index options and may help to ensure that public customers receive the full benefit of the exemption. Moreover, the PSE's monitoring procedures, as described above, should be able to detect any abuses and ensure that the options position, whether firm, proprietary trader, or customer, is properly hedged.

Finally, the commission believes that it is reasonable for the PSE to amend the text of its broad-based index hedge exemption, and to clarify its narrow-based hedged index hedge exemption, by indicating that exercise limits under the hedge exemptions will correspond

to position limits. In this regard, the Commission notes that it has approved previously an identical amendment to the Chicago Board Options Exchange, Inc.'s ("CBOE") broad-based index Chicago Board Options Exchange, Inc.'s ("CBOE") broad-based index hedge exemption.¹⁷ In addition, the equity and index hedge exemptions of other options exchanges provide for corresponding position and exercise limits.¹⁸

The Commission finds good cause for approving Amendment Nos. 1, 2, and 3 to the proposed rule change prior to the thirtieth day after the date of publication of the notice thereof in the Federal Register. Specifically, Amendment No. 1 is designed to protect investors and the public interest by providing additional requirements and surveillance procedures which the Exchange will use in monitoring the narrow-based index option hedge exemption. In addition, Amendment No. 1 indicates that, under the PSE's broad-based and narrow-based hedge exemptions, position limits will correspond to exercise limits. As noted above, position limits correspond to exercise limits under the hedge exemption rules of the other options exchanges.¹⁹ Accordingly, the Commission does not believe that the PSE's proposal to provide corresponding position and exercise limits under its hedge exemptions raises new regulatory issues. Amendment No. 2 strengthens the Exchange's proposal providing that economically equivalent positions must be deducted when calculating the value of the hedging portfolio. Amendment No. 3 clarifies the text of the Exchange's proposal by indicating that the hedged position may not exceed two times the limit established under PSE Rule 7.6. Accordingly, the Commission believes that there is good cause, consistent with Sections 6(b)(5) and 19(b)(2) of the Act, to approve Amendment Nos. 1, 2, and 3 to the proposal on an accelerated basis.

Solicitation of Comments

Interested persons are invited to submit written data, views and

¹⁷ See Securities Exchange Act Release No. 30944 (July 21, 1992), 57 FR 33376 (July 28, 1992) (order approving File No. SR-CBOE-92-09) ("CBOE" Approval Order").

¹⁸ See Securities Exchange Act Release No. 35738 (May 18, 1995), 60 FR 27573 (May 24, 1995) (order approving File Nos. SR-Amex-95-13, SR-CBOE-95-13, SR-NYSE-95-04, SR-PSE-95-05, and SR-PHLX-95-10) (order granting permanent approval to hedge exemption pilot programs) ("Hedge Exemption Order").

¹⁹ See CBOE Approval Order, *supra* note 17 and Hedge Exemption Order, *supra* note 18.

arguments concerning Amendment Nos. 1, 2, and 3. 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 above-mentioned self-regulatory organization. All submissions should refer to the file number in the caption above and should be submitted by April 12, 1996.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²⁰ that the proposed rule change (SR-PSE-95-28), as amended is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²¹

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-6967 Filed 3-21-96; 8:45 am]

BILLING CODE 8010-01-M

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster Loan Area #2838]

Idaho; Declaration of Disaster Loan Area (Amendment #1)

The above-numbered Declaration is hereby amended to establish the incident period for this disaster as beginning on February 6, 1996 and continuing through February 23, 1996.

All other information remains the same; i.e., the termination date for filing applications for physical damage is April 11, 1996, and for loans for economic injury the deadline is November 12, 1996.

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

²⁰ 15 U.S.C. § 78s(b)(2) (1982).

²¹ 17 CFR 200.30-3(a)(12) (1994).

Dated: March 15, 1996.
Bernard Kulik,
Associate Administrator for Disaster Assistance.
[FR Doc. 96-6870 Filed 3-21-96; 8:45 am]
BILLING CODE 8025-01-P

[Declaration of Disaster Loan Area #2825]

Maryland; Declaration of Disaster Loan Area (Amendment #1)

The above numbered Declaration is hereby amended to expand the incident type to include damage resulting from severe storms and flooding which occurred January 19 through January 31, 1996.

All other information remains the same; i.e., the deadline for filing applications for physical damages is March 22, 1996 and for economic injury the deadline is October 23, 1996.

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

Dated: March 14, 1996.

Bernard Kulik,
Associate Administrator for Disaster Assistance.
[FR Doc. 96-6873 Filed 3-21-96; 8:45 am]
BILLING CODE 8025-01-P

[Declaration of Disaster Loan Area #2836]

Oregon; Declaration of Disaster Loan Area (Amendment #1)

In accordance with notices from the Federal Emergency Management Agency dated February 23 and 26, and March 7, 1996, the above-numbered Declaration is hereby amended to include Coos, Deschutes, Gilliam, and Morrow Counties and the Confederated Tribes of Umatilla Indian Reservation in the State of Oregon as a disaster area due to damages caused by high winds, severe storms, and flooding, and to establish the incident period for this disaster as beginning on February 4, 1996 and continuing through February 21, 1996.

In addition, applications for economic injury loans from small businesses located in the contiguous Oregon counties of Harney and Lake may be filed until the specified date at the previously designated location.

All other information remains the same, i.e., the termination date for filing applications for physical damage is April 11, 1996, and for loans for economic injury the deadline is November 12, 1996.

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

Dated: March 15, 1996.
Bernard Kulik,
Associate Administrator for Disaster Assistance.
[FR Doc. 96-6868 Filed 3-21-96; 8:45 am]
BILLING CODE 8025-01-P

[Declaration of Disaster Loan Area #2824]

Pennsylvania; Declaration of Disaster Loan Area (Amendment #1)

The above numbered Declaration is hereby amended to expand the incident type to include damage resulting from severe storms and flooding which occurred January 19 through February 1, 1996.

All other information remains the same; i.e., the deadline for filing applications for physical damages is March 21, 1996 and for economic injury the deadline is October 21, 1996.

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

Dated: March 12, 1996.

Bernard Kulik,
Associate Administrator for Disaster Assistance.
[FR Doc. 96-6872 Filed 3-21-96; 8:45 am]
BILLING CODE 8025-01-P

[Declaration of Disaster Loan Area #2837]

Washington; Declaration of Disaster Loan Area (Amendment #1)

In accordance with notices from the Federal Emergency Management Agency dated February 26, March 4, and March 6, 1996, the above-numbered Declaration is hereby amended to include Kitsap, Lincoln, and Skagit Counties in the State of Washington as a disaster area due to damages caused by high winds, severe storms, and flooding beginning on January 26, 1996 and continuing.

In addition, applications for economic injury loans from small businesses located in the contiguous Washington counties of Ferry, Okanogan, San Juan, Stevens, and Whatcom may be filed until the specified date at the previously designated location.

All other information remains the same, i.e., the termination date for filing applications for physical damage is April 11, 1996, and for loans for economic injury the deadline is November 12, 1996.

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

Dated: March 15, 1996.
Bernard Kulik,
Associate Administrator For Disaster Assistance.
[FR Doc. 96-6869 Filed 3-21-96; 8:45 am]
BILLING CODE 8025-01-P

[Declaration of Disaster Loan Area #2823]

Washington Declaration of Disaster Loan Area (Amendment #1)

The above numbered Declaration is hereby amended to extend the deadline for filing applications for physical damages until April 11, 1996.

All other information remains the same; i.e., the termination date for filing applications for economic injury is July 29, 1996.

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

Dated: March 12, 1996.

Bernard Kulik,
Associate Administrator for Disaster Assistance.
[FR Doc. 96-6871 Filed 3-21-96; 8:45 am]
BILLING CODE 8025-01-P

[Declaration of Disaster Loan Area #2827]

West Virginia; Declaration of Disaster Loan Area (Amendment #1)

The above-numbered Declaration is hereby amended to include Raleigh County in the State of West Virginia as a disaster area due to damages caused by flooding which occurred January 19 through February 2, 1996.

In addition, applications for economic injury loans from small businesses located in the contiguous West Virginia counties of Boone and Kanawha may be filed until the specified date at the previously designated location.

All other information remains the same, i.e., the termination date for filing applications for physical damage is March 25, 1996, and for loans for economic injury the deadline is October 25, 1996.

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

Dated: March 14, 1996.

Bernard Kulik,
Associate Administrator for Disaster Assistance.
[FR Doc. 96-6874 Filed 3-21-96; 8:45 am]
BILLING CODE 8025-01-P

Honolulu District Advisory Council Meeting; Public Meeting

The U.S. Small Business Administration, Boston District Advisory Council will hold a public