

available for inspection and copying in the Commission's Public Reference Room, 450 Fifth Street, NW, Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of NSCC. All submissions should refer to File No. SR-NSCC-99-01 and should be submitted by March 23, 1999.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41088; File No. SR-OCC-98-10]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of Proposed Rule Change Regarding Supplementary Exercise Notices

February 22, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on September 10, 1998, The Options Clearing Corp. ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by OCC. The Commission is publishing this notice to solicit comments from interested persons on the proposed rule change.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Under the proposed rule change, OCC will amend its expiration date exercise procedures to impose filing fees for exercise notices that are tendered after OCC's prescribed deadlines.

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

In its filing with the Commission, OCC 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. OCC 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 change is to modify OCC's rules that govern the submission of supplementary exercise notices on an expiration date.

Rule 805 governs the submission of expiration date exercise instructions. The rule states that if a clearing member tenders an exercise notice in response to an expiration exercise report after OCC's deadline, the tender is in violation of OCC's procedures. Rule 805 further provides that the clearing member shall be subject to disciplinary procedures unless the clearing member was prevented from submitting timely exercise instructions due to one of the circumstances specified in the rule.

Supplementary exercise notices require special processing that is manually intensive. Therefore, OCC is in the process of reviewing the effectiveness of its rules and procedures relating to expiration date exercise processing. As a result of this ongoing review, OCC believes it is necessary to modify Rule 805 to more closely align the treatment of supplementary exercise notices that are submitted on expiration dates with the treatment of late exercise instructions that are submitted on other dates.

Rule 801 imposes a graduated schedule of filing fees for any request to file exercise instructions after the applicable deadline. Rule 801 fees increase at specified times depending on when the filing is made in relation to OCC's nightly processing cycle.

Under the proposed rule change, OCC will institute a similar schedule of fees for the submission of supplementary exercise notices on expiration dates. These fees will also increase depending on when the request was made in relation to the expiration processing cycle. Under the rule change, OCC will impose a filing fee of \$2,000 per clearing member for any supplementary exercise notice tendered after the deadline prescribed pursuant to subparagraph (b) of Rule 805 but before the start of critical expiration processing. A filing fee of \$10,000 per line item per clearing member will be charged for any supplementary exercise notice tendered after the start of critical expiration processing. OCC's board of directors will be authorized to remit any filing fee if it finds that the circumstances that

gave rise to the fee were beyond the clearing member's or its customer's control or that remission would be otherwise equitable under the circumstances. OCC will further modify Rule 805 to delete the required institution of disciplinary procedures for the unexcused tender of supplementary exercise notices. Instead, the institution of such procedures will be permissive as is the case under Rule 801(e)(4).

Finally, OCC will amend Rule 805 to add a provision that will require that the tender of supplementary exercise notices be in accordance with the procedures prescribed by OCC from time to time. Under the rule change, failure to follow the procedures prescribed by OCC will result in the supplemental exercise notice being deemed null and void. This requirement is intended to ensure that supplemental exercise notices are received by the appropriate personnel who can act on them in a timely fashion in order to prevent undue delays in providing assignment information to clearing members.

The proposed rule change is consistent with Section 17A of the Act³ and the rules and regulations thereunder because it enhances OCC's procedures for expiration processing of options contracts.

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

OCC does not believe that the proposed rule change would impose any burden on competition.

(c) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

Written comments were not and are not intended to be solicited with respect to the proposed rule change and none have been received.

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 OCC consents, the Commission will:

(A) by order approve such proposed rule change or

¹⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² The Commission has modified the text of the summaries prepared by OCC.

³ 15 U.S.C. 78q-1(b)(3)(A).

(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 in the Commission's Public Reference Section, 450 Fifth Street, NW, Washington, DC 20549.

Copies of such filing also will be available for inspection and copying at the principal office of OCC. All submissions should refer to File No. SR-OCC-09-10 and should be submitted by March 23, 1999.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁴

Margaret H. McFarland,

Deputy Secretary.

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SOCIAL SECURITY ADMINISTRATION

PRIVACY ACT OF 1974, AS AMENDED; NEW SYSTEM OF RECORDS

AGENCY: Social Security Administration (SSA).

ACTION: New system of records and proposed routine uses.

SUMMARY: In accordance with the Privacy Act (5 U.S.C. § 552a(e)(4)), we are issuing public notice of our intent to establish a new system of records. The proposed system of records is entitled the Medicare Part B Buy-In Information System, SSA/OPB, SSA-100. The proposed system will maintain information collected for use in connection with implementation of the Medicare Part B buy-in demonstration program. We are also proposing routine

uses of information that will be maintained in the system in accordance with 5 U.S.C. § 552a(e)(11). We invite public comment on the proposed system and the routine uses.

DATES: We filed a report of the proposed system with the President of the Senate, the Speaker of the House of Representatives, and the Director, Office of Information and Regulatory Affairs, Office of Management and Budget on February 22, 1999. We also requested a waiver of the OMB 40-day advance notice requirements. If OMB does not grant the waiver we will not implement the proposal before April 3, 1999.

ADDRESSES: Interested individuals may comment on this publication by writing to the SSA Privacy Officer, Social Security Administration, 3-B-6 Operations Building, 6401 Security Boulevard, Baltimore, Maryland 21235. All comments received will be available for public inspection at the above address.

FOR FURTHER INFORMATION CONTACT: Ms. Priscilla Rieger, Social Insurance Policy Specialist, Social Security Administration, 3-D-1 Operations Building, 6401 Security Boulevard, Baltimore, Maryland 21235, telephone (410) 965-3953.

SUPPLEMENTARY INFORMATION:

I. Purpose and Background of The System

Under the provisions of the Medicare Part B Buy-in programs described in titles XVIII and XIX of the Social Security Act (Act), Medicare beneficiaries with very low incomes and few assets may qualify for State assistance in paying health care costs. Title IV of Division A, Social Security Administration, of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, Public Law 105-277, directs the Commissioner of Social Security to expend \$6,000,000 for Federal-State partnerships which will evaluate means to promote the Medicare buy-in programs targeted to elderly and disabled individuals. Enrollments in the Medicare Part B buy-in programs are low. A lack of awareness about the Medicare Part B buy-in programs appears to be one of the major obstacles to enrollments.

SSA will conduct a Medicare Part B buy-in demonstration to identify and overcome the obstacles to Medicare Part B buy-in enrollments for: (1) certain qualified Medicare beneficiaries (QMB) who are eligible for Medicaid payment of their Medicare premiums, deductibles and coinsurance; (2) specified low-income Medicare

beneficiaries (SLMB) who would be QMBs but for income which exceeds the Federal poverty level (FPL) but is less than 120 percent of the FPL after application of Supplemental Security Income (SSI) income exclusions; and (3) subject to the availability of funding, qualified individuals who would be QMBs or SLMBs but for income which exceeds the allowable limit but is less than 135 percent of the FPL after application of SSI income exclusions. The demonstration will assist these beneficiaries who are or could be eligible for Medicaid benefits to help pay their Medicare costs. SSA intends to work with the Health Care Financing Administration to identify and investigate barriers and to foster enrollment of these beneficiaries in the Medicare buy-in programs. See 63 FR 64137 (1998) for more detailed information concerning the demonstration and the Medicare Part B buy-in programs.

In order to conduct the demonstration, SSA must collect and maintain personally identifiable information. The information will be maintained in the system of records we are proposing to establish, the Medicare Part B Buy-In Information System, OPB, SSA-100. The information will be collected during screening interviews conducted by SSA staff. Once gathered, the information will be used to assess a beneficiary's knowledge of the Medicare buy-in programs and to determine his or her potential eligibility for the buy-in programs. SSA will employ the services of a contractor to assist in designing and evaluating the effectiveness of the demonstration methodology. The amount of personal information maintained on each individual is the minimum necessary to provide factual research and statistical data for an evaluation of the net outcomes (e.g., increased applications to and enrollments in the buy-in programs) of the demonstration.

II. Collection and Maintenance of Data in the Proposed System

The proposed system will maintain information about all persons screened during the Medicare Part B buy-in demonstration. This will include information about beneficiaries potentially eligible for a buy-in program as well as those deemed not potentially eligible. Information will be collected from Social Security beneficiaries and, as necessary, from existing SSA systems of records such as the Master Beneficiary Record (09-60-0090) and the Supplemental Security Income Record (09-60-0103). The specific information maintained will include the

⁴ 17 CFR 200.30-3(a)(12).