

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 in the Commission's Public Reference Room, 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 the PCX. All submissions should refer to File No. SR-PCX-98-08 and should be submitted by April 1, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

**Jonathan G. Katz,**

*Secretary.*

[FR Doc. 98-6172 Filed 3-10-98; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39709; File No. SR-PCX-98-10]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto by the Pacific Exchange, Inc. Relating to an Extension of the Permissible Term of FLEX Equity Options

March 3, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on February 23, 1998, the Pacific Exchange, Inc. ("PCX" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I and II below, which Items have been prepared by the PCX. On February 27, 1998, the PCX filed Amendment No. 1 to the proposed rule change.<sup>3</sup> The

Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The PCX is proposing to amend its rules to permit a FLEX equity option to have a term of five years in certain circumstances. The text of the proposed rule change is available at the Office of the Secretary, the PCX, 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 PCX 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 PCX 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

###### 1. Purpose

The Exchange is proposing to allow FLEX equity options<sup>4</sup> traded on the Exchange to have a maturity beyond three years and up to five years in certain circumstances. Currently, FLEX equity options, by operation of Rule 8.102(d)(1), are limited to a maturity of three years.

This extension is being proposed in response to requests of broker-dealers to extend the maturity of FLEX equity options to five years. The Exchange notes that the Commission recently approved a proposal of the Chicago Board Options Exchange ("CBOE") to amend its rules in response to such requests.<sup>5</sup> The Exchange believes that the proposed rule change will allow investors to use longer expiration FLEX equity options to hedge longer-term

the term "Order Book Official" with the term "FLEX Post Official." The proposal will become operative 30 days from the original date of filing because Commission staff finds that the proposed amendment is not substantive.

<sup>4</sup> A FLEX equity option is an option contract traded on the Exchange whose underlying instrument is an equity security. The terms of FLEX equity options are determined by the parties to the contract.

<sup>5</sup> See Exchange Act Release No. 39524 (January 8, 1998) 63 FR 3009 (January 20, 1998) (order approving File No. SR-CBOE-97-57).

issuances of structured products linked to returns of an individual stock. The rule, as amended, would permit the longer-term FLEX equity options to be listed when requested by the submitting member if the Flex Post Official<sup>6</sup> determines that sufficient liquidity exists among Equity FLEX qualified participants.

###### 2. Statutory Basis

By allowing for the extension of the maturity of FLEX equity options to five years in situations where there is demand for a longer-term expiration and where there is sufficient liquidity among Exchange-qualified market makers to support the request, the Exchange believes the proposed rule change will better serve the needs of PCX's customers and the Exchange members who make a market for such customers. The PCX believes the proposal is consistent with and furthers the objectives of Section 6(b)(5) of the Act<sup>7</sup> in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and to protect investors and the public interest.

##### B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

##### C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments on the proposed rule change were neither solicited nor received.

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

The Commission finds that the proposed rule change, as amended, has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>8</sup> and Rule 19b-4(e)(6)<sup>9</sup> thereunder because it: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) was provided by the Exchange to the Commission with written notice of its intent to file the proposed rule change at least five days prior to the filing date. A proposed rule

<sup>6</sup> See Amendment No. 1, *supra* note 3.

<sup>7</sup> 15 U.S.C. 78f(b)(5).

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(e)(6).

<sup>7</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Letter from Michael D. Pierson, Senior Attorney, Regulatory Policy, PCX, to Deborah Flynn, Division of Market Regulation, Commission, dated February 26, 1998 ("Amendment No. 1"). In Amendment No. 1, the PCX amended the purpose statement of the proposed rule change by replacing

change filed under Rule 19b-4(e) does not become operative prior to thirty days after the date of filing or such shorter time as the Commission may designate if such action is consistent with the protection of investors and the public interest. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change, as amended, is consistent with the Act. 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 in the Commission's Public Reference Room, 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 the PCX. All submissions should refer to File No. SR-PCX-98-10 and should be submitted by April 1, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

**Jonathan G. Katz,**  
Secretary.

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#### OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

##### Technical Correction to the Harmonized Tariff Schedule of the United States

**AGENCY:** Office of the United States Trade Representative.

**ACTION:** Technical correction to the Harmonized Tariff Schedule of the United States.

**SUMMARY:** The United States Trade Representative (USTR) is making a

technical correction to the Harmonized Tariff Schedule of the United States (HTS) so that the intended tariff treatment is accorded certain phenols having a purity of 75 percent or more by weight.

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

**FOR FURTHER INFORMATION CONTACT:** Barbara Chattin, Director for Tariff Affairs (202) 395-5097, or Catherine Field, Senior Counsel for Multilateral Affairs, (202) 395-3432.

#### Correction to HTS

The HTS is modified as provided below, with bracketed matter included to assist in the understanding of proclaimed modifications. The following supersedes matter in the HTS. The subheadings and superior text are set forth in columnar format, and material in such columns is inserted in the columns of the HTS designated "Heading/Subheading", "Article Description", "Rates of Duty 1 General", "Rates of Duty 1 Special", and "Rates of Duty 2", respectively.

Effective with respect to articles that are entered, or withdrawn from warehouse for consumption, on or after December 31, 1995.

1. Subheadings 2707.60.10 and 2707.60.20 are deleted and the following new subheadings are inserted in lieu thereof with article descriptions at the same level of indentation as that of subheading 2701.19.00:

[2707 Oils and other products of the distillation . . .:]

[2707.60 Phenols:]

"2707.60.05 Containing more than 50 percent by weight 2.9¢/kg + 12.5% hydroxybenzene.

2707.60.10 Metacresol, orthocresol, paracresol and 0.9¢/kg + 3.1% metaparacresol, all the foregoing having a purity of 75 percent or more by weight.

2707.60.90 Other ..... Free

Free (A, CA, E, IL, J, 7.7¢/kg + 29.5% Mx)

Free (A, CA, E, IL, J, 15.4¢/kg + 42.5% MX)

Free"

#### Explanation

Effective January 1, 1996, the President proclaimed modifications to the HTS to conform the it with amendments made to International Convention on the Harmonized Commodity Description and Coding System (Convention). The modifications in Proclamation 6857 were based on advice provided by the U.S. International Trade Commission (USITC) to the President in investigation No. 1205-3. One of the modifications that the USITC recommended and the President proclaimed, (See Proclamation 6587), transferred the classification of certain phenols having a purity of 75 percent or more by weight from one subheading to another subheading. This transfer did not change the duty rate treatment for these

products. Neither the Proclamation nor the USITC advice addressed either the classification or duty rate treatment for other phenols.

In May 1997, the Customs Service changed the classification of certain phenols based on its interpretation of the modifications to the HTS set forth in Proclamation 6587. This change in classification resulted in a rate increase for these products from Free to 2.9 cents per kilogram plus 12.5 percent ad valorem. Such a change in duty rate for these products was not intended, was not recommended and was not explicitly provided for in Proclamation 6587. This technical correction ensures that the intended tariff rate applies to the affected products.

The USTR is making this correction pursuant to authority granted by Congress to the President in section 604

of the Trade Act of 1974 and delegated by the President to the USTR in Presidential Proclamation No. 6969 of January 27, 1997 (62 FR 4415).

**Ambassador Charlene Barshefsky,**  
United States Trade Representative.

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#### DEPARTMENT OF TRANSPORTATION

##### Office of the Secretary

##### Reports, Forms and Recordkeeping Requirements; Agency Information Collection Activity Under OMB Review

**AGENCY:** Office of the Secretary, DOT.

**ACTION:** Notice and request for comments.

<sup>10</sup> 17 CFR 200.30-3(a)(12).