

Commission concerning the assessment of as-of-add fees<sup>10</sup> and may serve to further reduce the total number of as-of-adds by providing a clear sanction in those circumstances in which discipline is clearly appropriate. As a result, the Commission believes that the proposal should benefit all Exchange members, and ultimately investors, by increasing the efficiency with which Exchange transactions are processed as well as helping the Exchange to defray the additional costs it incurs with the processing of as-of-adds.

The Commission believes that an exchange's ability to effectively enforce compliance by its members and member organizations with Commission and Exchange rules is central to its self-regulatory functions. The inclusion of a rule in an exchange's minor rule violation plan, therefore, should not be interpreted to mean that it is not an important rule. On the contrary, the Commission recognizes that the inclusion of minor violations of particular rules under a minor rule violation plan may make the exchange's disciplinary system more efficient in prosecuting more egregious and/or repeated violations of these rules, thereby furthering its mandates to protect investors and the public interest.

The Commission believes that adding the Minor Rule Plan Amendment is consistent with Sections 6(b)(5) and 6(b)(6) of the Act in that the purpose of Rule 17.50 is to provide for a response to a violation of Exchange rules or policy when a meaningful sanction is needed, but when initiation of a disciplinary proceeding pursuant to CBOE Rule 17.2 *et seq.* is not suitable because such a proceeding would be more costly and time-consuming than would be warranted given the nature of the violation. Rule 17.50 provides for an appropriate response to minor violations of certain Exchange rules, while preserving the due process rights of the party accused through specified, required procedures.

Furthermore, the Commission finds that violations of the Minor Rule Plan Amendment are objective and easily verifiable, thereby lending itself to the use of expedited proceedings. Noncompliance with Rule 17.50(g) may be determined objectively and adjudicated quickly without the complicated factual and interpretative inquiries associated with more sophisticated Exchange disciplinary proceedings. If the Exchange determines that a violation of Rule 17.50(g) is not minor in nature, the Exchange retains

the discretion to initiate full disciplinary proceedings in accordance with Chapter XVII of CBOE's rules. The Commission expects the CBOE to bring full disciplinary proceedings in appropriate cases (e.g., in cases where the violation is egregious or where there is a history or pattern of repeat violations).

The Commission finds good cause for approving the Minor Rule Plan amendment prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register** in order to provide the Exchange with adequate time to notify members of the approval of the Minor Rule Plan Amendment prior to the scheduled implementation date of February 1, 1995.<sup>11</sup> Because any fines to be assessed pursuant to the Minor Rule Plan Amendment will be based on calendar month submissions of as-of-adds, accelerated approval will allow the Exchange to begin receiving the benefits of the rule without having to delay implementation for an additional month. Additionally, because the Exchange has already distributed a Regulatory Circular to members stating that the Minor Rule Plan Amendment, once approved, would be given retroactive effectiveness to January 1, 1995,<sup>12</sup> members are already on notice of the proposal and will not, in the Commission's opinion, be harmed by shifting the implementation date to February 1, 1995. Accordingly, the Commission believes it is consistent with Sections 6(b)(5) and 19(b)(2) of the Act to approve the remaining portion of the proposed rule change on an accelerated basis.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>13</sup> that the proposed rule change (File No. SR-CBOE-94-50) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>14</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SMALL BUSINESS ADMINISTRATION

### Declaration of Disaster Loan Area #2760 California; Declaration of Disaster Loan Area (Amendment #1)

The above-numbered Declaration is hereby amended, effective immediately,

to establish the occurrence as resulting from winter storms causing flooding, landslides, mud and debris flows beginning on January 3, 1995, continuing.

All other information remains the same, i.e., the termination date for filing applications for physical damage is March 13, 1995, and for economic injury the deadline is October 10, 1995.

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

Dated: January 30, 1995.

**Bernard Kulik,**

*Associate Administrator for Disaster Assistance.*

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### Declaration of Disaster Loan Area#2761, Washington; Declaration of Disaster Loan Area

Mason County and the contiguous counties of Grays Harbor, Jefferson, Kitsap, and Thurston in the State of Washington constitute a disaster area as a result of damages caused by heavy rains and flooding which occurred throughout December of 1994. Applications for loans for physical damage as a result of this disaster may be filed until the close of business on March 30, 1995 and for economic injury until the close of business on October 27, 1995 at the address listed below: U.S. Small Business Administration, Disaster Area 4 Office, P.O. Box 13795, Sacramento, CA 95853-4795; or other locally announced locations.

The Interest Rates Are:

	Percent
For Physical Damage:	
Homeowners With Credit Available Elsewhere .....	8.000
Homeowners Without Credit Available Elsewhere .....	4.000
Businesses With Credit Available Elsewhere .....	8.000
Businesses and Non-profit Organizations Without Credit Available Elsewhere .....	4.000
Others (Including Non-profit Organizations) With Credit Available Elsewhere .....	7.125
For Economic Injury:	
Businesses and Small Agricultural Cooperatives Without Credit Available Elsewhere ...	4.000

The number assigned to this disaster for physical damage is 276106 and for economic injury the number is 844100.

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

<sup>10</sup> See Securities Exchange Act Release No. 34783 (October 3, 1994), 59 FR 51459 (October 11, 1994).

<sup>11</sup> See *supra* note 8.

<sup>12</sup> *Id.*

<sup>13</sup> 15 U.S.C. 78s(b)(2) (1988).

<sup>14</sup> 17 CFR 200.30-3(a)(12) (1994).