

[Release No. 34-35229; File No. SR-MSTC-94-20]

**Self-Regulatory Organizations;
Midwest Securities Trust Company;
Notice of Filing and Immediate
Effectiveness of Proposed Rule
Change Adopting Procedures for
Payment of Interest to Participants**

January 13, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on December 28, 1994, the Midwest Securities Trust Company ("MSTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-MSTC-94-20) as described in Items I, II, and III below, which Items have been prepared primarily by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The proposed rule change modifies MSTC's procedures with respect to the payment of interest on bond issues of Orange County, California, related agencies and instrumentalities, and any entity participating in the Orange County Investment Pools (collectively referred to as "Orange County Bond Issues").

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

In its filing with the Commission, MSTC 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. MSTC 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*

MSTC's rules permit MSTC to adopt procedures with respect to the payment of interest to participants.² In light of Orange County, California's recent bankruptcy filing, MSTC is changing its

procedures with respect to cash payments of interest on any Orange County Bond issue. Specifically, as a result of the bankruptcy filing and the uncertainty as to the effects of this action on Orange County Bond Issues, MSTC will allocate interest payments on these issues as funds are received from the paying agents. Additionally, MSTC will refund to participants any investment earnings on delayed payments received on Orange County Bond Issues in accordance with its established procedures.

MSTC will continue to actively monitor information being released pertaining to events in Orange County, California. However, since it is too early to assess the full impact that the Orange County bankruptcy filing may have on the Orange County Bond Issues, it may become necessary for MSTC to reverse allocated income and principal payments.³ MSTC will advise participants of specific CUSIP numbers if this action becomes necessary.

MSTC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act⁴ and the rules and regulations thereunder in that it is designed to assure the safeguarding of securities and funds which are in MSTC's possession or control or for which MSTC is responsible.

*(B) Self-Regulatory Organization's
Statements on Burden on Competition*

MSTC does not believe that the proposed rule change will impose any burden on competition 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*

MSTC has not solicited comments 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**

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(i) of the Act⁵ and subparagraph (e)(1) of Rule 19b-4⁶ thereunder because the proposed rule change constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of

³ See MSTC Rules, Article III, Rule 1, Section 2(ii), "Depository Services, Payment, Right to Reverse Credits."

⁴ 15 U.S.C. 78q-1(b)(3)(F) (1988).

⁵ 15 U.S.C. 78s(b)(3)(A)(i) (1988).

⁶ 17 CFR 240.19b-4(e)(1) (1994).

MSTC. At any time within sixty days of the filing of such 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. 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 Section, 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 MSTC. All submissions should refer to File No. SR-MSTC-94-20 and should be submitted by February 10, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-35228; File No. SR-PTC-94-09]

**Self-Regulatory Organizations;
Participants Trust Company; Notice of
Filing and Immediate Effectiveness of
Proposed Rule Change Codifying
Rules**

January 13, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on January 4, 1995, the Participants Trust Company ("PTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule

⁷ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. § 78s(b)(1) (1988).

¹ 15 U.S.C. § 78s(b)(1) (1988).

² MSTC Rules, Article IV, Rule 1, Section 3, "Shareholder Services, Dividends and Interest Payments."