

NASD believes these comments are fully addressed by this proposed amendment.

The NASD believes the proposed rule change is consistent with Sections 15A(b)(6) and 11A(a)(1)(C) of the Act and is a particularly timely and germane response to the recommendations contained in the Market 2000 study. Section 15A(b)(6) requires that the rules of a national securities association be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and in general to protect investors and the public interest. Section 11A(a)(1)(C) finds that it is in the public interest to, among other things, assure the availability to brokers, dealers, and investors of information with respect to quotations for and transactions in securities and economically efficient execution of securities transactions.

The SelectNet service has served as an alternative to the telephone in times of market stress and as a system to broadcast orders to market makers for economically efficient negotiations and executions. By permitting non-members to view those broadcast orders, the NASD is removing impediments to transparency of market information and is facilitating transactions for those non-members who will now be able to see all broadcast orders in the service and timely arrange for the execution of such orders by a member. Although the orders in SelectNet do not represent quotations or last sale reports, the NASD believes that the information is valuable to investors and market participants and should be transparent and disseminated to non-members.

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

The NASD believes that the proposed rule change will not result in any burden on competition that is not necessary or appropriate in furtherance of purposes of the Act.

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

Comments were neither solicited nor received.

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

Within 35 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 90 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 the NASD consents, the Commission will:

A. By order approve such proposed rule change, or

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. 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 Room. Copies of such filing will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to File Number SR-NASD-94-9 and should be submitted by March 28, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Margaret H. McFarland,
Deputy Secretary.

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February 28, 1995.

Self-Regulatory Organization; Philadelphia Depository Trust Company; Order Approving Proposed Rule Change Concerning Disposal of Expired Securities Certificates of Warrants and Rights

[Release No. 34-35426; File No. SR-Philadep-94-05]

On October 6, 1994, the Philadelphia Depository Trust Company ("Philadep")

filed a proposed rule change (File No. SR-Philadep-94-05) with the Securities and Exchange Commission ("Commission") pursuant to Section 19(b) of the Securities Exchange Act of 1934 ("Act").¹ Notice of the proposal appeared in the Federal Register on January 3, 1995, to solicit comment from interested persons.² No comments were received by the Commission. This order approves the proposal.

I. Description of the Proposal

The proposal authorizes Philadep to implement a program which allows it to destroy certain expired securities certificates, specifically expired warrants and rights. This destruction policy will enable Philadep to reduce the administrative and safekeeping expenses associated with keeping expired warrants and rights related certificates in its vault.

In implementing this program, Philadep will adhere to several procedures to help assure that Philadep destroys only certificates for which the warrant or rights have expired. First, Philadep will contact the transfer agent or the issuer of the securities after the securities have reached their expiration dates to verify that the respective warrants or rights have expired. Second, Philadep will obtain written confirmation from the transfer agent that the certificates representing the warrants or rights have expired. If there is no transfer agent, Philadep will obtain such written confirmation from the issuer. Philadep also will exercise such other reasonable due diligence, as it may deem necessary under the circumstances, to confirm the expired nature of the respective certificates including consulting with Philadep's legal department, its internal audit department, and its senior management. Third, Philadep: (1) Will notify its participants that the certificates have expired in the judgment of the transfer agent or of other appropriate parties where there is no transfer agent; (2) will delete such securities positions from its participants' account on or after the thirtieth day following the date of the notice to the participants; and (3) will mark the securities certificates and send them to its internal audit department for destruction. Additionally, Philadep has agreed to retain copies of all such destroyed certificates on microfilm or on other mediums for not less than one year.³

¹ 15 U.S.C. 78s(b) (1988).

² Securities Exchange Act Release No. 35153 (December 27, 1994), 60 FR 161.

³ Telephone conversation between J. Keith Kessel, Compliance Officer, Philadep, and Thomas C. Etter,

Continued

¹¹ 17 CFR 200.30-3(a)(12).

II. Discussion

The Commission believes that the proposal is consistent with the Act and particularly with Section 17A of the Act.⁴ Section 17A(b)(3)(F) of the Act⁵ requires that the rules of a clearing agency be designed to safeguard the funds and securities which are in the custody or control of a clearing agency or for which it is responsible. Additionally, Section 17A(a)(1) of the Act⁶ directs the Commission to encourage the reduction of unnecessary costs by persons facilitating transactions on behalf of investors.

These new procedures provide for the implementation of a destruction policy that will permit Philadep to eliminate certain expired and worthless securities certificates rather than maintain them in its vault. As a result, Philadep expects to reduce its administrative expenses that are associated with storing such certificates. The proposal also contains numerous safeguards concerning the selection of the securities certificates to be destroyed, and the Commission believes that the safeguards in question are reasonably designed to reduce the risk that Philadep will select for destruction certificates for which the warrants or rights have not expired.⁷

III. Conclusion

For the reasons discussed above, the Commission believes that the proposal is consistent with the requirements of the Act, particularly those of Section 17A of the Act, and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁸ that the above-mentioned proposed rule change (File No. SR-Philadep-94-05) be, and hereby is, approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 95-5464 Filed 3-6-95; 8:45 am]

BILLING CODE 8010-01-M

Jr., Senior Counsel, Division of Market Regulation, Commission (February 27, 1995).

⁴ 15 U.S.C. 78q-1 (1988)

⁵ 15 U.S.C. 78q-1(b)(3)(F) (1988)

⁶ 15 U.S.C. 78q-1(a)(1) (1988)

⁷ The Commission is expressing no opinion here on the means that Philadep will use for the actual physical destruction of any certificate or on the related standards that may apply. These are separate matters and are not part of this rule proposal.

⁸ 15 U.S.C. 78s(b)(2) (1988).

⁹ 17 CFR 200.30-3(a)(12) (1994).

[Rel. No. IC-20930; File No. 812-9410]

Jackson National Life Insurance Company of Michigan, et al.

February 28, 1995.

AGENCY: Securities and Exchange Commission ("Commission" or "SEC").

ACTION: Notice of Application for an Order under the Investment Company Act of 1940 (the "1940 Act").

APPLICANTS: Jackson National Life Insurance Company of Michigan ("Company"), Jackson Michigan Separate Account-I ("Separate Account") and Jackson Financial Services, Inc. ("Distributor").

RELEVANT 1940 ACT SECTIONS: Order requested under Section 6(c) of the 1940 Act granting exemptions from the provisions of Sections 26(a)(C) and 27(c)(2) of the 1940 Act.

SUMMARY OF APPLICATION: Applicants seek an order permitting the deduction of a mortality and expense risk charge from the assets of the Separate Account and other separate accounts established by the Company in the future in connection with the issuance and sale of certain flexible premium variable annuity contracts ("Contracts") and any contracts that are similar in all material respects to the Contracts ("Other Contracts").

FLILING DATE: The application was filed on December 30, 1994. An amended application was filed on February 24, 1995.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and servings Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on March 27, 1995, and should be accompanied by proof of service on Applicants in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the requester's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Commission's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, NW., Washington, DC 20549. Applicants, Mark J. Mackey, Esq., Rottier, Mackey and Johnson, P.C., 1700 K Street, NW., Suite 1003, Washington, DC 20006.

FOR FURTHER INFORMATION CONTACT: Mark C. Amorosi, Attorney, or Wendy Finck Friedlander, Deputy Chief, at (202) 942-0670, Office of Insurance

Products (Division of Investment Management).

SUPPLEMENTARY INFORMATION: Following is a summary of the application; the complete application is available for a fee from the Commission's Public Reference Branch.

Applicants' Representations

1. The Company is a stock life insurance company organized under the laws of the State of Michigan in September 1992. The Company is a wholly-owned subsidiary of Jackson National Life Insurance Company and an indirect wholly-owned subsidiary of Prudential Corporation plc, London, England. The Company is currently admitted to do business in Michigan.

2. The Separate Account was established by the Company as a separate account under the laws of Michigan on June 14, 1993 as a funding medium for variable annuity contracts. The Separate Account meets the definition of a "separate account" under the federal securities laws and is registered under the 1940 Act as a unit investment trust. The application states that the Company will establish for each investment option offered under the Contracts a Separate Account subaccount ("Portfolio") which will invest solely in a specific corresponding series of the JNL Series Trust or of some other designated investment company (the "Funds"). JNL Series Trust is registered as an open-end management investment company under the 1940 Act.

3. The Distributor, a broker-dealer registered under the Securities Exchange Act of 1934 and a member of the National Association of Securities Dealers, Inc., will serve as the distributor and principal underwriter for the Contracts.

4. The Contracts are flexible premium individual deferred variable annuity contracts offered in connection with retirement plans that may qualify for favorable federal income tax treatment ("Qualified Contracts") or on a non-tax qualified basis ("Non-Qualified Contracts"). Interests in the Contracts are registered under the Securities Act of 1933. The Contracts provide for, among other things: (a) Certain minimum initial and subsequent premium payments; (b) several annuity payment options beginning on the annuity date; and (c) the payment of a death benefit where the annuitant dies during the accumulation phase, which is equal to the greater of the contract value or premium payments (net of withdrawals and premium taxes). Where permitted by state law, the Contract will also provide an enhanced