standards serve as a means for a self-regulatory organization to screen issuers and to provide listed status only to issuers with sufficient investor base and trading interest to maintain fair and orderly markets. Once a security has been approved for initial listing, maintenance criteria allow an exchange to monitor the status and trading characteristics of that issue to ensure that it continues to meet the exchange's standards for market depth and liquidity.

The Commission believes that the municipal securities listing and delisting criteria proposed by the PHLX are designed to protect investors and ensure the maintenance of fair and orderly markets in such listed securities. The PHLX's proposal provides that only municipal bond issuers that satisfy the criteria established in PHLX Rule 803(c)(5) will be considered for listing on the Exchange. Specifically, under PHLX Rule 803(c)(5) a municipal debt security must: (1) Have an aggregate market value and principal amount outstanding of at least $20,000,000; (2) have at least 100 public beneficial holders of record; and (3) be rated as investment grade by at least one nationally recognized rating service.

The Commission believes that these criteria, along with any other information relevant to determine whether the issue is appropriate for exchange trading, should help to ensure that only municipal issuers capable of meeting their financial obligation and whose bond issues can support a liquid trading market will be listed on the Exchange. The criteria will also alert municipal issuers seeking listing on the PHLX of the Exchange's specific listing standards.

The Commission notes that proposed PHLX Rule 810(b)(4)(d) allows the Exchange to delist a municipal debt security when the issue is (1) Not rated as investment grade by at least one nationally recognized rating service; (2) does not have at least a market value or principal amount outstanding of $500,000; or (3) is not held by at least 50 public beneficial holders of record. The Commission believes that the delisting standards should allow the Exchange to identify issuers that may have insufficient resources to meet their financial obligations or whose debt securities may lack sufficient trading depth and liquidity for a fair and orderly market.

Under the proposal, municipal securities will trade in accordance with all PHLX regulations otherwise applicable to the trading of securities on the equities trading floor of the Exchange, except that municipal securities will be exempt from the provisions of the PHLX's off-board trading rule. Because municipal securities will trade under the PHLX's existing regulatory regime for equities, which includes specialist obligations and margin requirements, the Commission believes that adequate safeguards are in place to ensure the protection of investors in municipal securities.

Further, the Commission notes that the regulatory scheme in place for municipal securities will continue to apply to PHLX-listed municipal securities,[6] with the additional coverage of the PHLX surveillance program to the trading of listed municipal securities. The Commission believes that this regulatory framework will provide sufficient oversight of municipal securities trading on the Exchange.

The PHLX intends to require specialist units applying for appointment and registration in municipal securities to be in compliance with MSRB Rule G–3 regarding municipal securities principals and representatives. The Commission notes that this requirement is consistent with the rules of the MSRB and, in addition, that it is important that any specialist selected by the PHLX for a listed municipal security be familiar with the characteristics of municipal securities.

Finally, the Commission notes that the PHLX's proposal to list and trade municipal securities is virtually identical to a proposal submitted by the Pacific Stock Exchange, Inc. (''PSE''), which was approved by the Commission.[7] Therefore, the Commission finds that the proposed rules are equally acceptable for the PHLX.

The Commission finds good cause for approving Amendment No. 1 to the proposed rule change prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register** because Amendment No. 1 clarifies the proposal by indicating that the delisting standards for municipal securities apply solely to municipal securities and not to the debt of other non-listed issuers. Because Amendment No. 1 clarifies the Exchange's proposal and raises no new regulatory issues, the Commission believes it is consistent with sections 6(b)(5) and 19(b)(2) of the Act to approve Amendment No. 1 on an accelerated basis.

Interested persons are invited to submit written data, views and arguments concerning Amendment No. 1 to the proposed rule change. 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 changes 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 at the Commission's Public Reference Section, 450 Fifth Street, NW., Washington, DC. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to the file number in the caption above and should be submitted by April 24, 1995.

It Is Therefore Ordered, pursuant to section 19(b)(2) of the Act,[8] that the proposed rule change (SR–PHLX–94–69) relating to the pilot program for listing and trading municipal securities is approved until March 28, 1996.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–8092 Filed 3–31–95; 8:45 am]

BILLING CODE 8010–01–M

[Investment Company Act Rel. No. 20969; International Series Release No. 798/812–9354]

The Chase Manhattan Bank, N.A.; Notice of Application

March 28, 1995.

AGENCY: Securities and Exchange Commission (''SEC'').

ACTION: Notice of application for exemption under the Investment Company Act of 1940 (''Act'').

APPLICANT: The Chase Manhattan Bank, N.A., (''Chase'').

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[6] *See* note 4, *supra.*

[7] *See* Securities Exchange Act Release Nos. 33721 (March 7, 1994), 59 FR 11636 (order approving File No. SR–PSE–94–05) (establishes municipal bond trading pilot program through July 5, 1994); 34317 (July 5, 1994), 59 FR 35546 (July 12, 1994) (order approving File No. SR–PSE–94–21) (extends municipal bond trading pilot program through November 2, 1994); 34911 (October 27, 1994), 59 FR 55303 (November 4, 1994) (order approving File No. SR–PSE–94–32) (extends municipal bond trading pilot program through November 2, 1995).

[8] 15 U.S.C. 78s(b)(2) (1988).

[9] 17 CFR 200.30–3(a)(12) (1994).

RELEVANT ACT SECTIONS: Exemptions requested under section 6(c) from the provisions of section 17(f) of the Act.

SUMMARY OF APPLICATION: Chase seeks an order to enable it to maintain foreign securities and other assets of United States registered investment companies for which it serves as custodian or subcustodian in the custody of Chase Manhattan Bank International (''Chase-Russia'').

FILING DATE: The application was filed on December 9, 1994, and amended on March 14, 1995.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on April 24, 1995, and should be accompanied by proof of service on applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request such notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, NW., Washington, DC 20549. Applicant, c/o Daniel L. Goelzer, Esq., Baker & McKenzie, 815 Connecticut Avenue, NW., Washington, DC 20006.

FOR FURTHER INFORMATION CONTACT: Courtney S. Thornton, Senior Attorney, at (202) 942–0583, or Barry D. Miller, Senior Special Counsel, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee from the SEC's Public Reference Branch.

Applicant's Representations and Legal Analysis

1. Chase requests expemptive relief for itself, any management investment company registered under the Act, other than an investment company registered under section 7(d) of the Act (a ''U.S. Investment Company'') and any custodian for a U.S. Investment Company from section 17(f) of the Act to the extent necessary to permit Chase-Russia to qualify as an ''Eligible Foreign Custodian'' under rule 17f–5. The requested exemption would permit Chase, a U.S. Investment Company, and any custodian for a U.S. Investment Company to maintain foreign securities, cash, and cash equivalents (collectively, ''Assets'') in the custody of Chase-Russia, a wholly-owned, indirect subsidiary of Chase located in Russia.[1] For purposes of the application, the term ''foreign securities'' includes (a) securities issued and sold primarily outside the United States by a foreign government, a national of any foreign country, or a corporation of other organization incorporated or organized under the laws of any foreign country, and (b) securities issued or guaranteed by the Government of the United States, or by any state or any political subdivision thereof, or by any agency thereof, or by any entity organized under the laws of the United States, or of any state thereof which have been issued and sold primarily outside the United States.

2. Section 17(f) of the Act requires every registered management investment company to place and maintain its securities and similar investments in the custody of certain enumerated entities. Rule 17f–5 under the Act expands the group of entities located outside the United States that are permitted to serve as custodians for the Assets of registered management investment companies. Rule 17f–5 defines the term ''Eligible Foreign Custodian'' to include a majority-owned direct or indirect subsidiary of qualified U.S. bank or bank-holding company that is incorporated or organized under the laws of county other than the United States and that has shareholders' equity in excess of $100,000,000 (U.S. $ equivalent or U.S. $). as of the close of its most recently completed fiscal year. The rule defines the term ''Qualified U.S. Bank'' to include a banking institution organized under the laws of the United States that has an aggregate capital, surplus, and undivided profit of not less than $550,000.

3. Chase is a national banking association and is regulated as such by the Comptroller of the Currency under the National Bank Act. At December 31, 1993, Chase has shareholders' equity in excess of $6.4 billion. Thus, Chase is a ''Qualified U.S. Bank'' as defined in rule 17f–5, since it is a banking institution organized under the laws of the United States, and has aggregate capital, surplus, and undivided profit substantially in excess of the $500,000 minimum required by the rule.

4. Chase is a subsidiary of The Chase Manhattan Corporation, a Delaware corporation that is one of the leading financial services providers in the world. Through its Global Securities Service division (''GSS''), Chase provides custody and related services to global institutional investors, including U.S. mutual funds. GSS currently has over $1.3 trillion in assets under custody worldwide.

5. Chase-Russia, a wholly-owned indirect subsidiary of Chase, was incorporated in Russia on October 26, 1993, under General License No. 2629. Chase-Russia is authorized to engage in the business of commercial banking in Russia, and is supervised by the Central Bank of the Russian Federation. Chase-Russia offers customers a wide range of retail and wholesale banking services; it also operates a custody department to support local and foreign investors.

6. Chase-Russia will satisfy the requirements of rule 17f–5 insofar as it is an indirect, wholly-owned subsidiary of Chase, and is incorporated and organized under the laws of Russia. Chase-Russia will not, however, meet the $100 million minimum shareholders' equity requirement of rule 17f–5. Accordingly, Chase-Russia will not qualify as an Eligible Foreign Custodian under the rule and, absent exemptive relief, could not serve as custodian for the Assets of U.S. Investment Companies.

7. Where custody services are required in Russia, Chase will hold the Assets of U.S. Investment Companies as custodian or subcustodian, and will deposit, or cause or permit the deposit of, the Assets with Chase-Russia in accordance with the arrngements described below. Before permitting Chase-Russia to act as a custodian for the Assets of a U.S. Investment Company, Chase will ensure that Chase-Russia is capable and well-qualified to provide custody and subcustody services to Chase, U.S. Investment Companies, and custodians for U.S. Investment Companies. Under the proposed foreign custody arrangements, the protection afforded the Assets of U.S. Investment Companies held by Chase-Russia will not be diminished from the protection afforded by rule 17f–5.[2]

[1] Russian clearing and custody procedures differ substantially from the procedures generally employed elsewhere. Other than the exemption requested from section 17(f) to permit Chase-Russia to qualify as an ''eligible foreign custodian'' under rule 17f–5, applicant is not requesting (and any order would not grant) an exemption from section 17(f) or rule 17f–5 for any aspect of the custody or clearing procedures employed in Russia. Moreover, applicant acknowledges that any order will not constitute a determination by the Commission that the Russian clearing and custody procedures comply with section 17(f) or the rules thereunder.

[2] Applicant notes that there are special risks associated with investing in securities in the Russian market including, among others, risks relating to the settlement of trades and the registration of securities in an environment characterized by multiple, unaffiliated registrar

Applicant's Conditions

Chase agrees that any order of the SEC granting the requested relief may be conditioned upon the following:

1. The foreign custody arrangements proposed herein regarding Chase-Russia will satisfy the requirments of rule 17f–5 in all respects other than Chase-Russia's level of shareholders' equity.

2. Chase will deposit Assets with Chase-Russia only in accordance with the custody agreement and the subcustody agreement described below. The custody and subcustody agreements will remain in effect at all times during which Chase-Russia fails to satisfy the requirements of rule 17f–5.

a. The custody agreement will be between Chase and the U.S. Investment Company (or its custodian). In that agreement, Chase will undertake to provide custody or subcustody services, and the U.S. Investment Company (or its custodian) will authorize Chase to delegate to Chase-Russia such of Chase' duties and obligations as will be necessary to permit Chase-Russia to hold in custody in Russia the Assets of U.S. Investment Companies. The custody agreement will further provide that the delegation by Chase to Chase-Russia will not relieve Chase of any responsibility to the U.S. Investment Company or its custodian for any loss due to such delegation, and that Chase will be liable for any loss or claim arising out of or in connection with the performance by Chase-Russia of the custody services to the same extent as if Chase had itself provided the custody services under the custody agreement.

b. A subcustody agreement will be executed between Chase and Chase-Russia. Pursuant to this agreement, Chase will delegate to Chase-Russia such of Chase's duties and obligations as would be necessary to permit Chase-Russia to hold Assets in custody in Russia. The subcustody agreement will provide that (i) Chase-Russia is acting as a foreign custodian for Assets that belong to a U.S. Investment Company pursuant to the terms of an exemptive order issued by the SEC, and (ii) the U.S. Investment Company or its custodian (as the case may be) that has entered into a custody agreement will be entitled to enforce the terms of the subcustody agreement, and can seek relief directly against Chase-Russia. The subcustody agreement will provide that it will be governed by New York law.

3. Chase currently satisfies and will continue to satisfy the Qualified U.S. Bank requirement set forth in rule 17f–5(c)(3).

For the SEC, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–8027 Filed 3–31–95; 8:45 am]

BILLING CODE 8010–01–M

companies and non-authoritative paper share extract certificates. These risks, like other risks associated with foreign investment, would remain with the U.S. Investment Companies. Chase will be liable only to the same extent as if it had held the assets itself in Russia (*i.e.,* by opening a branch in Moscow). However, Chase's liability with respect to assets held in custody in Russia will not be reduced by Chase's causing such assets to be held in a subsidiary rather than directly by Chase. Chase's contracts with its customers will reflect this liability.

[Release No. 34–35543; File No. S7–27–93]

Consolidated Tape Association; Notice of Filing of Seventeenth Substantive Amendment to the Restated Consolidated Tape Association Plan and Twenty-First Substantive Amendment to the Consolidated Quotation Plan

March 28, 1995.

Pursuant to Rule 11Aa3–2 of the Securities Exchange Act of 1934 (''Act''), notice is hereby given that on March 9, 1995, the Consolidated Tape Association (''CTA'') and Consolidated Quotation (''CQ'') Plan Participants filed with the Securities and Exchange Commission (''Commission'' or ''SEC'') amendments to the Restated CTA Plan and CQ Plan. The Commission is publishing this notice to solicit comments from interested persons on the amendments.

I. Description and Purpose of the Amendments

The amendments seek to change a procedure for allocating high speed line access fee revenues between ''Network A'' and ''Network B'' under each plan. The participants propose to apply ''relative message usage percentages'' to the allocation of high speed line revenues between networks retroactively, beginning with the period commencing January 1, 1994.

The amendments would also eliminate the requirements that the participants set the high speed line access fee at a level designed to recover the costs of making the high speed line available, and set indirect high speed line access fees at a level that equals one-half of the direct access fees. The actual fees, however, would not be changed at this time.

A. Allocation of High Speed Line Revenue

Currently, under each plan, the participants impose on subscribers, vendors, computer input users and others one combined high speed line access fee for access to both Network A and Network B market data. Under the proposed amendments, the participants wish to change the current methods set forth in the plans for allocating each plan's high speed line access revenues between the two networks. The participants feel that a more appropriate and equitable way to achieve that allocation would be to apply a measure that reflects each network's relative usage of the plans' systems.

To that end, the participants have selected each network's ''relative message usage percentage''. These percentages, in the participants' view, reflect a network's relative portion of the total number of messages [1] that the participants disseminate over the high speed line for a given period. Under the proposed amendments, a ''relative message usage percentage'' would equal the number of a network's messages reported over the high speed line divided by the sum of the numbers of both networks' messages that both networks report over the high speed line.[2] The participants have proposed to retroactively apply the ''relative message usage percentage'' to the allocation of high speed line revenues between networks commencing January 1, 1994.

$$\text{CTA Network A Relative Message} \quad \frac{A}{A+B,}$$

If the instant amendments are approved, the participants will direct the Processor to calculate the allocation percentages on a monthly basis. Under the proposed amendments, the New York Stock Exchange (''NYSE'') shall distribute to the Network B

[1] For purposes of such calculations, a message includes any message that a participant disseminates over the Consolidated Tape System, including, but not limited to, prices relating to Eligible Securities or concurrent use securities, administrative messages, index messages, corrections, cancellations, and error messages.

[2] For example, a month's relative message usage for CTA network a would be calculated as follows:

Where:

''A'' represents the number of messages that CTA Network A participants disseminate over the CTA network A pursuant to the CTA plan during that month; and

''B'' represents the number of messages that CTA Network B participants disseminate over the CTA Network B pursuant to the CTA plan during the month.

To determine a month's relative message usage for CQ Network A, substitute ''CQ'' where ''CTA'' appears in this footnote.