

numerical Index value and at least 80% of the total number of component securities will meet the then current criteria for standardized options trading set forth in Exchange Rule 915; and (4) all component stocks will (i) either be listed on the Amex, the New York Stock Exchange, or will be National Market securities traded through the facilities of Nasdaq and (ii) be subject to last sale reporting pursuant to Rule 11Aa-3 of the Act.

Index Calculation

The Index will be calculated using an "equal dollarweighting" methodology designed to ensure that each of the component securities is represented in an approximately equal dollar amount in the Index at the time the Notes are issued. To create the Index, a portfolio of the securities comprising the Index will be established by the issuer representing an investment of a specified dollar amount in each component security (rounded to the nearest whole share). The value of the Index will equal the current market value of the sum of the assigned number of shares of each of the component securities divided by the current Index divisor. The Index divisor will initially be set to provide a benchmark value of 100.00 at the close of trading on the day preceding the issuance of the Notes.

The number of shares of each component stock in the Index will remain fixed except in the event of certain types of corporate actions such as the payment of a dividend (other than an ordinary cash dividend), a stock distribution, stock split, reverse stock split, rights offering, distribution, reorganization, recapitalization, or similar event with respect to the component securities. The number of shares of each component security may also be adjusted, if necessary, in the event of a merger, consolidation, dissolution, or liquidation of an issuer or in certain other events such as the distribution of property by an issuer to shareholders. Shares of a component security may be replaced (or supplemented) with other securities under certain circumstances, such as the conversion of a component stock into another class of security, or the spin-off of a subsidiary. If the security remains in the Index, the number of shares of that security may be adjusted, to the nearest whole share, to maintain the component's relative weight in the Index at the level immediately prior to the event(s) discussed above.⁵ In all

cases, the divisor will be adjusted, if necessary, to ensure continuity of the value of the Index. In the event that a security in the Index is canceled due to a corporate consolidation and the holders of such security receive cash, the cash value of that security will be included in the Index and will accrue interest at LIBOR to term, compounded daily.

The value of the Index will be calculated continuously by the Amex and disseminated every 15 seconds over the Consolidated Tape Association's Network B.

Payment at Maturity

The Notes will provide for a single payment at maturity, *i.e.*, there will be no periodic interest payments. The Notes will entitle the holder, upon maturity, to receive an amount based upon the percentage change between the "original portfolio value" and the "average portfolio value," provided, however that the amount payable at maturity will not be less than 90% of the principal amount of the Notes. The "original portfolio value" is the closing level of the Index on the day immediately preceding the issuance of the Notes. The "average portfolio value" is the average of the closing values of the Index on the last trading day of each of the last 30 months of the term of the Notes.

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act, in general, and furthers the objectives of Section 6(b)(5) in particular, in that it is 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 facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

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

The Amex does not believe that the proposed rule change will impose any inappropriate burden on competition.

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

No written comments were solicited or received with respect to the proposed rule change.

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 self-regulatory organization 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, 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. Copies of such filing will also be available for inspection and copying at the principal office of the Amex. All submissions should refer to File No. SR-Amex-95-20 and should be submitted by June 30, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁶

Jonathan G. Katz,

Secretary.

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⁵ The issuer will not attempt to find a replacement stock or compensate for the extinction of a security due to bankruptcy or a similar event.

⁶ 17 CFR 200.30-3(a) (12) (1994).