

to protect investors and the public interest, by establishing a lower index value, which should, in turn, facilitate trading in SOX options. The Exchange believes that reducing the value of the Index does not raise manipulation concerns and would not cause adverse market impact, because the Exchange will continue to employ its surveillance procedures and has proposed an orderly procedure to achieve the index split.

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

The Exchange believes the proposed rule change will impose no inappropriate burden on competition.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

The Phlx has requested that the proposed rule change be given accelerated effectiveness pursuant to Section 19(b)(2) of the Act in order to implement the change for the July expiration.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, the requirements of Section 6(b)(5) of the Act.⁴ Specifically, the Commission believes that reducing the value of the Index will serve to promote the public interest and help to remove impediments to a free and open securities market, by providing a broader range of investors with a means of hedging exposure to market risk associated with securities representing the semiconductor industry. Further, the Commission notes that reducing the value of SOX contracts should help attract additional investors, thus creating a more active and liquid trading market. The Commission also notes that the Phlx proposes to provide market participants with adequate prior notice of the Index level change in order to avoid investor confusion. Moreover, the Commission believes that the Phlx's position and exercise limits and strike price adjustments are appropriate and consistent with the Act. In this regard, the Commission notes that the position and exercise limits and strike price

adjustments are identical to the approach used to adjust outstanding options on stocks that have undergone a two-for-one stock split.

The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of the notice thereof in the **Federal Register** to allow the Phlx to reduce the value of the Index without further delay. The Commission notes that the Index has increased in value dramatically over the last two years, which has caused a resulting increase in the SOX contract premium. The high contract premium could adversely affect liquidity in the SOX. The Commission believes that because the only change to be made to the actual Index is the adjustment in its value, it is appropriate to allow the Phlx to quickly address its SOX liquidity concerns, and accordingly finds that it is consistent with Section 19(b)(2) of the Act⁵ to approve the proposed rule change on an accelerated basis.

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 at 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 the Phlx. All submissions should refer to File No. SR-Phlx-95-41 and should be submitted by August 16, 1995.

It Is Therefore Ordered, pursuant to Section 19(b)(2) of the Act,⁶ that the proposed rule change (SR-Phlx-95-41), is approved.

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

⁵ 15 U.S.C. 78s(b)(2).

⁶ 15 U.S.C. 78s(b)(2).

⁷ 17 CFR 200.30-3(a)(12).

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-35992; File No. SR-MSTC-95-08]

Self-Regulatory Organizations; the Midwest Securities Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Establishing Procedures for the Destruction of Expired Rights and Warrants

July 19, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934¹ ("Act"), notice is hereby given that on May 24, 1995, the Midwest Securities Trust Company ("MSTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in items I, II, and III below, which items have been prepared primarily by MSTC. 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

MSTC proposes to add a new section 3 to Rule 1 of Article VI of its rules to establish procedures for the orderly destruction of certain expired rights and warrants.

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 an 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.²

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The purpose of the proposed rule change is to add a new section 3 to Article 1, Rule 1 of MSTC's rules to establish procedures for the orderly destruction of certain expired rights and

¹ 15 U.S.C. 78s(b)(1) (1988).

² The Commission has modified the text of the summaries prepared by MSTC.

⁴ 15 U.S.C. 78f(b)(5).

warrants. MSTC proposes this rule change in order to reduce the burden and cost of maintaining expired warrants and rights in its vault.

MSTC will adhere to the following procedures relating to expired rights and warrants. First, MSTC shall contact the transfer agent or the issuer of the securities after their expiration date to verify that the respective warrants or rights have expired. Second, MSTC will obtain written confirmation from the transfer agent or the issuer that the certificates representing such warrants or rights have expired. If there is no transfer agent, MSTC personnel shall exercise all reasonable due diligence to confirm that the respective certificates have expired. Third, MSTC will notify participants of the following: (1) That according to the judgment of the transfer agent or in the event that a transfer agent does not exist of other appropriate parties, the securities certificates are expired; (2) that MSTC will delete such securities positions from participants' accounts on or after the thirtieth day following the date of the notice; and (3) that MSTC shall appropriately mark the securities certificates and destroy them. At MSTC's discretion, it may retain copies of the certificates on microfilm or on other media.

MSTC believes the proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder because the proposal will assure the safeguarding of securities or funds in its custody or control or for which it is responsible.

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

MSTC does not believe that the proposed rule change will have an impact on or impose a 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 have been solicited or received. MSTC will notify the Commission of any written comments received by MSTC.

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

Because the foregoing proposed rule change: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; (3) was provided to the Commission for its review at least five days prior to the filing date; and (4) does not become

operative for thirty days from the date of its filing on May 24, 1995, the proposed rule change has become effective pursuant to Section 19(b)(3)(A)(iii)³ of the Act and Rule 19b-4(e)(6)⁴ thereunder. In particular, the Commission believes the proposed standards do not significantly affect the protection of investors or the public interest and do not impose any significant burden on competition. At any time within sixty days of the filing of the proposed 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-95-08 and should be submitted by August 16, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-36001; File No. SR-NYSE-95-25]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Changes by the New York Stock Exchange, Inc. Relating to Amendments to Rules 600 (Arbitration), 619 (General Provision Governing Subpoenas, Production of Documents, etc.), 629 (Schedule of Fees), and 637 (Failure to Honor Award)

July 20, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on June 26, 1995, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule changes as described in items I, II, and III below, which Items have been prepared 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 amendment to Rule 600(d)(iii) clarifies that all class actions, including claims involving members, allied members, member organizations, and associated persons are ineligible for submission to arbitration. The proposed amendment to Rule 619(c) provides that parties may provide a list of documents they intend to present at the hearings in lieu of exchanging copies of documents that have already been produced. The proposed amendment to Rule 619(c) further requires that the list identifying witnesses include the address and business affiliation of the witnesses listed. In addition, Rule 619(c) would now require prehearing exchanges to occur twenty days in advance of the hearing, instead of ten days in advance as is presently required. The proposed amendment to Rule 629(e) provides that the filing fee for an industry party shall be \$500 when the dispute does not specify a money claim. The proposed amendment to Rule 637 provides that the failure of a member, allied member, registered representative, or member organization to honor an arbitration award, including those issued at another self-regulatory organization or by the American Arbitration Association, shall subject the member, allied member, registered representative, or member organization to disciplinary proceedings

³ 15 U.S.C. 78s(b)(3)(A)(iii) (1988).

⁴ 17 CFR 240.19b-4(e)(6) (1994).

⁵ 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1).