

| For premium payment years beginning in: | The required interest rate is: |
|---|--------------------------------|
| November 1996 | 5.45 |
| December 1996 | 5.18 |
| January 1997 | 5.24 |
| February 1997 | 5.46 |
| March 1997 | 5.35 |
| April 1997 | 5.54 |
| May 1997 | 5.67 |

Multiemployer Plan Valuations Following Mass Withdrawal

The PBGC's regulation on Duties of Plan Sponsor Following Mass Withdrawal (29 CFR part 4281) prescribes the use of interest assumptions under the PBGC's regulation on Allocation of Assets in Single-employer Plans (29 CFR part 4044). The interest assumptions applicable to valuation dates in June 1997 under part 4044 are contained in an amendment to part 4044 published elsewhere in today's **Federal Register**. Tables showing the assumptions applicable to prior periods are codified in appendix B to 29 CFR part 4044.

Issued in Washington, D.C., on this 12th day of May 1997.

John Seal,

Acting Executive Director, Pension Benefit Guaranty Corporation.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38590; File No. SR-CHX-97-08]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Stock Exchange, Incorporated Relating to Trading in Sixteenths

May 9, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on May 7, 1997 the Chicago Stock Exchange, Incorporated ("CHX" or "Exchange") 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 by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

¹ 15 U.S.C. 78s(b)(1).

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

The Exchange proposes to add interpretation and policy .01 to Rule 22 of Article XX of the Exchange's Rules.

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

In its filing with the Commission, the self-regulatory organization 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. The self-regulatory organization 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

1. Purpose

As described below, the purpose of the proposed rule change is to provide for bids and offers to be made in a minimum variation of one-sixteenth of \$1.00 for securities dually traded on the Exchange and on the American Stock Exchange, Inc. ("Amex") that are priced above \$0.25.

On March 14, 1997, the Amex submitted a proposed rule change to the Commission requesting approval to trade Amex securities that are priced \$10 and higher in minimum fractional changes of $\frac{1}{16}$ of \$1.00 per share.² The Commission has already approved these changes for Amex securities selling under \$10 and above \$0.25.³

Unlike the Amex's minimum fractional change rule, the Exchange's Minimum Fractional Changes rule (Art. XX, Rule 22) provides that, for most securities, the minimum fractional change for bids and offers is $\frac{1}{8}$ of \$1.00 per share. This rule also gives the Exchange's Committee on Floor Procedure the authority to fix minimum variations of less than this amount for bids and offers in specific securities or classes of securities. Pursuant to this authority, the Exchange proposes to change its minimum variation to $\frac{1}{16}$ of

² Securities Exchange Act Release No. 38437 (Mar. 25, 1997), 62 FR 15552 (Apr. 1, 1997) (publishing notice of File No. SR-Amex-97-14).

³ Securities Exchange Act Release No. 31118 (Aug. 28, 1992), 57 FR 40484 (Sept. 3, 1992) (approving File No. SR-Amex-91-07); Securities Exchange Act Release No. 35537 (Mar. 27, 1995), 60 FR 16894 (Apr. 3, 1995) (approving File No. SR-Amex-95-02).

\$1.00 per share, for securities traded on both the CHX and the Amex that are selling above \$0.25. This change will become effective upon the Commission's approval and implementation of SR-Amex-97-14.⁴

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with section 6(b)(5) of the Act in that it is designed to promote just and equitable principles of trade, to remove impediments and to perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.⁵

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

The Exchange believes the proposed rule change does not impose any burden on competition that is 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

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 foregoing rule change constitutes a state policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of the Exchange pursuant to Section 19(b)(3)(A) of the Act⁶ and subparagraph (e) of Rule 19b-4 thereunder.⁷ At any time within sixty days of the filing of such 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

⁴ The Commission notes that it approved the Amex's proposal on May 5, 1997, and the Amex began trading Amex-listed securities priced at or above \$10 in sixteenths on May 7, 1997. Securities Exchange Act Release No. 38571 (May 5, 1997).

⁵ 15 U.S.C. 78f(b)(5).

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ 17 CFR 240.19b-4.

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 Room, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing also will be available for inspection and copying at the principal office of the CHX. All submissions should refer to File No. SR-CHX-97-08 and should be submitted by June 5, 1997.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁸

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38589; International Series Release No. 1077; File No. 601-01]

Self-Regulatory Organizations; Morgan Guaranty Trust Company of New York, Brussels Office, as Operator of the Euroclear System; Notice of Filing of Application for Exemption From Registration as a Clearing Agency

May 9, 1997.

I. Introduction

On March 5, 1997, Morgan Guaranty Trust Company of New York ("MGT"), Brussels office ("MGT-Brussels"), as operator of the Euroclear System¹ pursuant to a contract with Euroclear Clearance System Société Coopérative, a Belgian cooperative ("Belgian Cooperative"), filed with the Securities and Exchange Commission ("Commission") an application on Form CA-1² for exemption from registration as a clearing agency pursuant to Section 17A of the Securities Exchange Act of

1934 ("Exchange Act")³ and Rule 17Ab2-1 thereunder⁴ to the extent it performs the functions of a clearing agency with respect to U.S. government and agency securities⁵ for U.S. participants of the Euroclear System.⁶ The Commission is publishing this notice to solicit comments from interested persons.⁷

II. Structure of the Euroclear System

MGT is a banking corporation organized under the laws of the State of New York. MGT-Brussels is the Brussels branch of MGT. MGT-Brussels is a division of MGT that has acted as the operator of the Euroclear System through its Euroclear Operations Centre since the creation of the Euroclear System in 1968. The Euroclear

³ 15 U.S.C. 78q-1.

⁴ 17 CFR 240.17Ab2-1.

⁵ For purposes of its application, Euroclear proposes to define U.S. government and agency securities to include (i) "government securities" as defined by Section 3(a)(42) of the Exchange Act (other than foreign-targeted U.S. government and agency securities and securities issued or guaranteed by an international organization such as the World Bank, which Euroclear classifies as internationally-traded securities that have been accepted for clearance and settlement in the Euroclear System for many years under circumstances that Euroclear believes cause its activities with respect to such securities to fall outside the scope of Section 17A of the Exchange Act and (ii) mortgage-backed securities and collateralized mortgage obligations issued or guaranteed by the Federal Home Loan Mortgage Corporation ("FHLMC"), the Federal National Mortgage Association ("FNMA"), or the Government National Mortgage Association ("GNMA").

⁶ The Commission has been advised that MGT-Brussels is permitted to seek an exemption from clearing agency registration regarding its operation of the Euroclear System and that no further authorization from the Board of Directors of the Belgian Cooperative is required. Letter from Dr. Rolf-Ernst Breuer, Chairman of the Board of the Belgian Cooperative (March 6, 1997).

MGT itself does not seek an exemption from registration as a clearing agency to the extent it performs the functions of a clearing agency with respect to U.S. government or agency securities. Sections 3(a)(23)(B) of the Exchange Act provides that a bank as defined under Section 3(a)(6) of the Exchange Act is excluded from the definition of the term clearing agency if it would be deemed to be a clearing agency solely by reason of functions performed by such institution as part of customary banking activities. MGT believes that as a bank it has the authority to perform clearing agency functions as part of its customary banking activities for U.S. government and agency securities outside the Euroclear context without registering with the Commission as a clearing agency or otherwise complying with Exchange Act provisions applicable to clearing agencies generally. Because MGT is not seeking an exemption from clearing agency registration for its activities outside the operation of the Euroclear System, the Commission is not addressing this issue.

⁷ The descriptions set forth in this notice regarding the structure and operations of the Euroclear System, MGT-Brussels, and MGT have been largely derived from information contained in MGT-Brussels' Form CA-1 application and publicly available sources.

Operations Centre is a separate independent operational unit established within MGT-Brussels to operate the Euroclear System. Senior management of the Euroclear Operations Centre makes the decisions regarding the day-to-day operation of the Euroclear System.

The Euroclear System was established in 1968 by MGT-Brussels, which was then both its owner and operator. In 1972, a package of rights described as the Euroclear System was sold to Euroclear Clearance System Public Limited Company, an English limited liability company ("ECS-PLC"). The goal of the sale was to broaden the international market's participation in the formulation of general policy for the Euroclear System. MGT-Brussels was retained as operator of the Euroclear System. ECS-PLC purchased the rights to receive the revenues generated by the Euroclear System services, to approve participants, to determine eligible securities, to establish fees, and to make other similar decisions. MGT-Brussels retained all of the assets and means necessary to operate the Euroclear System and granted a license to ECS-PLC to use the Euroclear System trademarks.

The Belgian Cooperative was established in 1987 to further facilitate communication between Euroclear and the international securities industry and to encourage participation in the Euroclear System. It received a license from ECS-PLC to exercise some of ECS-PLC's rights as owner of the Euroclear System and to exercise such rights in relation to MGT-Brussels pursuant to an Operating Agreement. Neither ECS-PLC nor the Belgian Cooperative is an operating company. MGT-Brussels maintains all Euroclear System participant accounts on its own books, has established all subcustody accounts with Euroclear System subcustodians in its own name, and maintains all of the contractual relationships with Euroclear System participants and Euroclear System depositaries in its own name. It also provides all of the personnel, systems, trademarks, and operational capability used to deliver the Euroclear System services to Euroclear System participants. ECS-PLC and the Belgian Cooperative exercise their rights against MGT-Brussels through their respective Boards of Directors (collectively, "Euroclear Boards"), which are composed of senior executives from large financial institutions. The Euroclear Boards meet four times a year to make policy decisions, such as setting admissions policy, determining categories of securities accepted, approving depositaries, setting fees and

⁸ 17 CFR 200.30-3(a)(12).

¹ For purposes of this notice, the term "Euroclear" refers to MGT-Brussels in its capacity as operator of the Euroclear System. For a complete description of the structure of the Euroclear System, see Section II.

² Copies of the application for exemption are available for inspection and copying at the Commission's Public Reference Room.