- the amount of the reduction in the quarterly dividend as stated in the newly announced policy of the issuer. This computation would be made assuming payment on the usual dividend payment dates, using as the discount rate the interest rate on U.S. Treasury Notes having the closest maturity to the Termination Date.
- -If the remaining portion of the partial liquidating dividend were less than the present value of the Termination Claim, the Termination Claim for ZIPS and SPECS would be reduced, but not below zero, by the future value at the Termination Date of the remaining portion of the partial liquidating dividend. The determination of present value and future value for ZIPS will be computed using the maximum potential IRR for ZIPS. In this case, the maximum potential IRR for ZIPS is computed assuming purchase on the exdistribution date at a price equal to the average closing price for the 10-day trading period preceding the announcement of the partial liquidating dividend and receipt of the Termination Claim on the Termination
- —That remaining portion would be allocated and paid to the ZIPS.
- —If the remaining portion of the partial liquidating dividend equals or exceeds the present value of the Termination Claim, ZIPS would receive that portion of the liquidating dividend equal in amount to such present value; the Termination Claim would be adjusted to zero and any additional amount of the partial liquidating dividend would be allocated and paid to the SPECS. Any further liquidating or partial liquidating dividends would be allocated between DIVS and SPECS; the ZIPS having received in full an adjusted Termination Claim.

#### Spin-offs and Split-ups

In the case of spin-off or split-up transactions, each DIVS, ZIPS and SPECS holder would become the owner of two issues of DIVS, ZIPS and SPECS—one for each company and each having the same number of such securities with the same Termination Date. The Termination Claim would be allocated between the two issues of ZIPS and the two issues of SPECS based upon the ratio of the prices of the two issues (*i.e.*, the underlying common shares and the spun-off company) at the opening of trading on the effective date of the spin-off or split-up transactions.

### Mergers

If the company that issued the common shares from which the DIVS, ZIPS and SPECS were created were to be the surviving company, there would be no adjustment to the terms of the DIVS, ZIPS and SPECS unless, as part of such transaction, there was a stock split, stock dividend, partial liquidating dividend or other corporate transaction that would require adjustment. If the

issuer were not the surviving entity, each owner of DIVS, ZIPS and SPECS would vote his interest in accordance with his voting rights, and, if the merger was approved, he would receive his share of the compensation given for each common share as if a liquidating dividend was paid or an exchange offer was made, as appropriate.

#### Rights Offerings

If the issuer of stock from which DIVS, ZIPS and SPECS were created were to make a rights offering, the rights would be allocated to the ZIPS and the Termination Claim would be reduced by the future value of the rights calculated to the Termination Date. The future value would be computed using as the interest rate, the maximum potential IRR for ZIPS and using the average closing sale price for the first 10 days of trading in the rights.

### Exchange or Tender Offers

If there were an exchange or tender offer for the common shares to which DIVS, ZIPS and SPECS related, OCC's existing option procedures and practices would apply.

These particularized procedures for adjusting the contract specifications of any open interest in any particular DIVS, ZIPS and SPECS series will be well documented in the eventual disclosure document to be published by the issuer, OCC.

The PHLX believes the proposed rule change is consistent with Section 6(b)(5) of the Act which provides in part that the rules of the Exchange be designed to prevent fraudulent and manipulative acts and practices, to facilitate transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and to protect investors and the public interest.

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

The PHLX 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 either received or requested.

#### 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 PHLX 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. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned selfregulatory organization. all submissions should refer to the file number in the caption above and should be submitted by March 21, 1995.

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

#### Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–4859 Filed 2–27–95; 8:45 am] BILLING CODE 8010–01–M

#### [Rel. No. IC-20910; 811-4376]

# State Street Fund for Foundations and Endowments; Notice of Application

February 22, 1995.

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

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

**APPLICANT:** State Street Fund for Foundations and Endowments. **RELEVANT ACT SECTION:** Order requested under section 8(f).

<sup>717</sup> CFR 200.30-3(a)(12) (1994).