

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.

[FR Doc. 95-18340 Filed 7-25-95; 8:45 am]

BILLING CODE 8010-01-M

[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).