businesses but utilities created to serve members of the securities industry for the purpose of providing certain services that are ancillary to the businesses in which industry members compete with one another. Operating a securities depository and securities clearing corporation requires a substantial and continuing investment in infrastructure, including securities vaults, telecommunications links with users, data centers, and disaster recovery facilities in order to meet the increasing needs of participants and respond to regulatory requirements. Both the Boston Stock Exchange in 1981 and the Pacific Stock Exchange in 1987 terminated the operations of their securities depositories and substantially terminated the operations of their securities clearing corporations.

After consummation of the proposed arrangements, securities industry members will continue to have access to high-quality, low-cost depository and clearing services provided under the mandate of the Act. The overall cost to the industry of having such services available will be reduced, thereby permitting a more efficient and productive allocation of industry resources. Furthermore, because most of a depository's and a clearing corporation's interface costs must be mutualized, thereby requiring some participants to subsidize costs incurred by others, CHX's withdrawal from maintaining depository and clearing facilities should reduce costs to participants and thereby remove impediments to competition. Finally, CHX's ability to focus its resources on the operations of its exchange should help enhance competition among securities markets.

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

Comments on the proposal have not been solicited or received.

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

Within thirty-five 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 ninety 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 Room, 450 Fifth Street, NW., Washington, DC. Copies of such filing also will be available for inspection and copying at the principal office of CHX. All submissions should refer to the file number SR-CHX-95-27 and should be submitted by December 22, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority. <sup>10</sup> Margaret H. McFarland. *Deputy Secretary.*[FR Doc. 95–29321 Filed 11–30–95; 8:45am]

[Release No. 34–36511; File No. SR–MCC–95–04]

Self-Regulatory Organizations; Midwest Clearing Corporation; Notice of Filing of Proposed Rule Change Relating to Midwest Clearing Corporation's Decision To Withdraw From the Clearance and Settlement Business

November 27, 1995.

BILLING CODE 8010-01-M

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on November 16, 1995, the Midwest Clearing Corporation ("MCC") 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 MCC. 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 rule change involves proposed arrangements relating to a decision by the Chicago Stock Exchange, Incorporated ("CHX") to withdraw from the clearance and settlement, securities depository, and branch receive businesses conducted through its subsidiaries, MCC, Midwest Securities Trust Company ("MSTC"), and the Securities Trust Company of New Jersey ("STC/NJ").2 Parties to the proposed arrangements are The Depository Trust Company ("DTC"), CHX, MSTC, the National Securities Clearing Corporation ("NSCC"), MCC, and STC/NJ. The proposed arrangements as they relate to MCC, would provide for the following:

- (1) MCC would cease providing securities clearing services by January 15, 1996.
- (2) NSCC would offer MCC participants an opportunity to become NSCC participants if they meet NSCC's qualifications.
- (3) Open positions of MCC participants that are or that become NSCC participants and that authorize the transfer of their open positions will be transferred to the books of NSCC.

(4) DTC and NSCC would make certain payments to MCC.

(5) In general, for a period of ten years MCC would not engage in the business from which it has decided to withdraw (*i.e.*, the securities clearing business). However, MCC would be free to provide specified securities clearing-related services and products to CHX members and certain third-parties under certain circumstances.<sup>3</sup>

The proposed rule change also seeks to modify MCC's By-Laws to reduce the size of its Board of Directors.<sup>4</sup>

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 MCC included statements concerning

<sup>10 17</sup> CFR 200.30-3(a)(12) (1994).

<sup>1 15</sup> U.S.C. § 78s(b)(1) (1988).

<sup>&</sup>lt;sup>2</sup> STC/NJ is a wholly-owned subsidiary of CHX that currently provides certain services, including a securities custody service. STC/NJ is not a clearing agency as defined in the Act and therefore is not required to register with the Commission.

<sup>&</sup>lt;sup>3</sup> A more detailed description of these proposed arrangements is contained in Exhibit 2 to the filing. A copy of the filing and all exhibits is available for copying and inspection in the Commission's Public Reference Room.

<sup>&</sup>lt;sup>4</sup>The text of these proposed changes is contained in Exhibit A to the filing. A copy of the filing and all exhibits is available for copying and inspection in the Commission's Public Reference Room.