

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 submission should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Copies of the submissions, 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 MCC. All submissions should refer to the file number SR-MCC-95-04 and should be submitted by December 22, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>9</sup>

Margaret H. McFarland,

*Deputy Secretary.*

[FR Doc. 95-29320 Filed 11-30-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-36510; File No. SR-MSTC-95-10]

#### **Self-Regulatory Organizations; Midwest Securities Trust Company; Notice of Filing of Proposed Rule Change Relating to Midwest Securities Trust Company's Decision To Withdraw From the Securities Depository Business**

November 27, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on November 16, 1995, the Midwest Securities Trust Company ("MSTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-MSTC-95-10) 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**

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, the Midwest Clearing Corporation ("MCC"), MSTC, and the Securities Trust Company of New Jersey ("STC/NJ").<sup>2</sup> Parties to the proposed arrangements are The Depository Trust Company ("DTC"), CHX, MSTC, the National Securities Clearance Corporation ("NSCC"), MCC, and STC/NJ. The proposed arrangements as they relate to MSTC would provide for the following:

(1) MSTC would cease providing securities depository services by January 15, 1996.

(2) DTC would offer sole MSTC participations an opportunity to become DTC participants if they meet DTC's qualifications.

(3) DTC and MSTC would cooperate to assure the orderly transfer of securities from the custody of MSTC to the custody of DTC for DTC participants that authorize such transfers.

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

(5) In general, for a period of ten years MSTC would not engage in the business from which it has decided to withdraw (i.e., the securities depository business). However, MSTC would be free to provide specified securities depository-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 MSTC's By-Laws to reduce the size of its board of director.<sup>4</sup>

<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>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>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.

#### **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 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. MSTC has prepared summaries, set forth in section (A), (B), and (C) below, of the most significant aspects of such statements.<sup>5</sup>

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

CHX has determined to close its clearance and settlement and securities depository businesses it conducts through its subsidiaries MCC, MSTC, and STC/NJ in order to focus its resources on the operations of the exchange itself. The primary purpose of the proposed arrangements is to permit CHX and MSTC to achieve this objective while affording MSTC participants on opportunity to become DTC participants and transfer their securities to DTC. MSTC participants, however, would be free to utilize any other service provider of their choosing. This is consistent with the industry's effort to eliminate redundant infrastructure costs associated with operating separate organizations.

The timing of the proposal is related to the industry's planned conversion to same-day funds settlement.<sup>6</sup> Currently, transactions in equities, corporate debt, and municipal debt are settled in next-day funds.<sup>7</sup> Transactions in commercial paper and other money market instruments are settled in same-day funds. As the Commission is aware, the registered clearing agencies have been working with the industry over the last few years to develop a system that will provide for the settlement of virtually all securities transactions in same-day funds. These efforts have been encouraged by the Commission, the Board of Governors of the Federal Reserve System, and the Federal Reserve Banks of New York and Chicago, and these plans have been monitored by the staffs of these

<sup>5</sup> The Commission has modified the text of the summaries prepared by MSTC.

<sup>6</sup> The term "same-day funds" refers to payment in funds that are immediately available and generally are transferred by electronic means.

<sup>7</sup> The term "next-day funds" refers to payment by means of certified check that is for value on the following day.

<sup>9</sup> 17 CFR 200.30-3(a)(12) (1994).

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