effective pursuant to Section 19(b)(3)(A) of the Act[6] and subparagraph (e) of Rule 19b–4 thereunder.[7] At any time within 60 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 Commission, 450 Fifth Street, NW., Washington, DC 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, NW., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of the Chicago Stock Exchange. All submissions should refer to File No. SR–CHX–95–16 and should be submitted by August 16, 1995.

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

Margaret H. McFarland,

Deputy Secretary.

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6 15 U.S.C. 78s(b)(3)(A).

7 17 CFR 240.19b–4.

8 17 CFR 200.30–3(a)(12).

[Release No. 34–35999; File No. SR–Phlx–95–41]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change by Philadelphia Stock Exchange, Inc. Relating to Reducing the Value of the Semiconductor Index

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''), 15 U.S.C. § 78s(b)(1), notice is hereby given that on June 5, 1995, the Philadelphia Stock Exchange, Inc. (''Phlx'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I and II 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.

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

The Phlx proposes to reduce the value of its Semiconductor Index (''Index'') option (''SOX'') to one-half its present value.[1] The Index is a price-weighted industry index designed by the Exchange, composed of 16 highly capitalized and widely held stocks representing the semiconductor industry. The other contract specifications for the SOX remain unchanged.

The text of the proposed rule change is available at the Office of the Secretary, Phlx and at the Commission.

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 Phlx 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 Phlx 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

The Exchange began trading the SOX in September , 1994.[2] The Index value was created with a value of 200 on its base date of December 1, 1993, which rose to 237 in July, 1994, shortly before the time it began trading on the Phlx. Currently, the index value is 427 (on May 31, 1995). Thus, the value has doubled over the course of less than two years. Consequently, the premium for SOX options has also risen.

1 The Exchange will accomplish this reduction in value by doubling the divisor used in calculating the Index. Telephone conversation between Edith Hallahan, Special Counsel, Regulatory Services, Phlx, and James T. McHale, Attorney, Office of Market Supervision (''OMS''), Division of Market Regulation (''Division''), Commission, on July 12, 1995.

2 Securities Exchange Act Release No. 34546 (August 18, 1994), 59 FR 43881 (August 25, 1994).

As a result, the Exchange proposes to conduct a ''two-for-one split'' of the Index, such that the value would be reduced by one-half. The number of SOX contracts will be doubled, such that for each SOX contract currently held, the holder would receive two contracts at the reduced value, with a strike price one-half of the original strike price. For instance, the holder of a 290 SOX call will receive two 145 SOX calls. In addition to the strike price being reduced by one-half, the position and exercise limits applicable to the SOX will be doubled, from 7,500 contracts to 15,000 contracts until the last expiration then trading.[3] This procedure is similar to the one employed respecting equity options where the underlying security is subject to a two-for-one stock split. The trading symbol will remain as SOX.

In conjunction with the split, the Exchange will list strike prices surrounding the new, lower index value, pursuant to Phlx Rule 1101A. The Exchange will announce the effective date by way of an Exchange memorandum to the membership, also serving as notice of the strike price and position limit changes.

The purpose of the proposal is to attract additional liquidity to the product in those series that public customers are most interested in trading. For example, a near-term, at-the-money call option series currently trades at approximately $1,200 per contract. The Exchange believes that certain investors and traders may currently be impeded from trading at such levels. With the Index split, that same option series (once adjusted), with all else remaining equal, could trade at approximately $600 per contract. The Exchange believes that this reduced premium value should encourage additional investor interest.

The Exchange believes that SOX options provide an important opportunity for investors to hedge and speculate upon the market risk associated with the underlying semiconductor stocks. By reducing the value of the Index, such investors will be able to utilize this trading vehicle, while extending a smaller outlay of capital.

The Exchange believes that the proposed rule change is consistent with Section 6 of the Act in general, and in particular, with Section 6(b)(5), in that it is designed to promote just and equitable principles of trade, as well as

3 According to the Exchange, this will be in March, 1996. Telephone conversation between Edith Hallahan, Special Counsel, Regulatory Services, Phlx, and James T. McHale, Attorney, MOS, Division, Commission, on July 19, 1995.

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 Act[5] 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]

Margaret H. McFarland,
Deputy Secretary.

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

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[4] 15 U.S.C. 78f(b)(5).

[5] 15 U.S.C. 78s(b)(2).

[6] 15 U.S.C. 78s(b)(2).

[7] 17 CFR 200.30–3(a)(12).

[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 1934[1] ("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.