

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 22294; 811-5462]

The Classic Trust; Notice of Application

October 22, 1996.

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

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

APPLICANT: The Classic Trust.

RELEVANT ACT SECTION: Section 8(f).

SUMMARY OF APPLICATION: Applicant requests an order declaring that it has ceased to be an investment company.

FILING DATE: The application was filed on July 26, 1996.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on November 18, 1996, and should be accompanied by proof of service on the applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicant, Gruntal & Co., Incorporated, 14 Wall Street, New York, NY 0005-2176.

FOR FURTHER INFORMATION CONTACT: Diane L. Titus, Paralegal Specialist, at (202) 942-0584, or Mary Kay Frech, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee from the SEC's Public Reference Branch.

Applicant's Representations

1. Applicant is a unit investment trust registered under the Act. On January 28, 1988, applicant filed a notification of registration on Form N-8A pursuant to section 8(a) of the Act and a registration statement on Form N-8B-2 pursuant to section 8(b) of the Act. On the same

date, applicant filed a registration statement on Form S-6 under the Securities Act of 1933 to register its shares.

2. Applicant's registration statement was never declared effective. No initial deposit of assets was ever made and no initial public offering ever commenced.

3. Applicant has no securityholders, debts, liabilities, or assets. Applicant is not a party to any litigation or administrative proceeding. Applicant is not now engaged, nor does it propose to engage, in any business activities other than those necessary for the winding up of its affairs.

For the SEC, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-27609 Filed 10-25-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37851; File Nos. SR-MCC-96-04; SR-MSTC-96-04]

Self-Regulatory Organizations; Midwest Clearing Corporation; Midwest Securities Trust Company; Order Approving Proposed Rule Changes Relating to Nominations for Board Membership, the Risk Assessment Committees, Appeals Process, Audits and Financial Reports, and Temporary Sponsored Participants and Accounts

October 22, 1996.

I. Introduction

On June 26, 1996, the Midwest Clearing Corporation ("MCC") and Midwest Securities Trust Company ("MSTC") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ proposed rule changes (SR-MCC-96-04 and SR-MSTC-96-04) to amend certain rules in response to MSTC's withdrawal from the securities dispository business and MCC's withdrawal from the securities clearance and settlement business.

The proposed rule changes were published for comment in the Federal Register on August 20, 1996, to solicit comments from interested persons.² No comments were received on the proposed rule changes. For the reasons discussed below, the Commission is approving the proposed rule changes.

¹ 15 U.S.C. 78s(b)(1) (1988).

² Securities Exchange Act Release No. 37555 (August 9, 1996), 61 FR 43105.

II. Description of the Proposals

On December 26, 1995, MSTC and MCC filed proposed rule changes relating to MSTC's withdrawal from the securities depository business and MCC's withdrawal from the securities clearance and settlement business.³ Subsequent to the Commission's approval of the filings, MSTC commenced and orderly wind-down of its operations and a transition of all of its participants to other service providers, and MCC ceased operations for all of its participants except its Sponsored Participants.

In connection with the withdrawal from the clearance, settlement, and depository businesses, MSTC and MCC are amending their By-Laws to eliminate the requirement that they provide participants with information relating to the nomination and election of board members.⁴ Additionally, MSTC and MCC are deleting the provisions in their rules relating to their respective Risk Assessment Committee.⁵ Because of the elimination of the Risk Assessment Committees, MSTC and MCC are amending their respective rules to eliminate the requirement that MSTC and MCC consult with the Risk Assessment Committee before ceasing to act for a participant and to replace subsequent references to the Risk Assessment Committee with references to a panel of board members.

MSTC and MCC are amending their respective appeal processes to conform their appeal procedure to similar procedures currently used by the Chicago Stock Exchange ("CHX") for emergency suspensions. Specifically, the amendments eliminate a second level of internal appeals and adjust some of the time periods set forth in the rules.⁶

MSTC and MCC are deleting their respective rules relating to audits and financial reports, such as the production of independent financial statements or internal accounting controls.⁷

³ For a complete discussion of MCC's and MSTC's withdrawal from the clearing and depository businesses, refer to Securities Exchange Act Release No. 36684 (January 5, 1996), 61 FR 1195 (File Nos. SR-CHX-95-27, SR-DTC-95-22, SR-MCC-95-4, SR-MSTC-95-10, and NSCC-95-15), (order approving MCC's and MSTC's withdrawal from the clearance and settlement and securities depository businesses).

⁴ MSTC is amending Article III, Section 2 of its By-Laws, and MCC is amending Article 3, Section 3.2 of its By-Laws.

⁵ MSTC is deleting Article I, Rule 4 and amending Article V, Rule 2. MCC is deleting Article I, Rule 4 and amending Article VIII, Rule 2.

⁶ MSTC is amending Article VII, Rule 8, Section 3 and deleting Section 5, and MCC is amending Article X, Rule 8, Section 3 and deleting Section 5.

⁷ MSTC is deleting Article VII, Rule 5, and MCC is deleting Article X, Rule 5.

Additionally, MSTC and MCC are deleting their respective rules relating to Temporary Sponsored Participants and Accounts.⁸

MSTC and MCC believe that the rule changes are consistent with Section 17A⁹ of the Act because the amendments will facilitate the prompt and accurate clearance and settlement of securities transactions and are designed to assure the safeguarding of securities and funds which are in their control or for which they are responsible.

III. Discussion

Section 17A(b)(3)(F) of the Act¹⁰ requires that the rules of a clearing agency be designed to remove impediments to and perfect the national system for the clearance and settlement of securities transactions. The Commission believes that MSTC's and MCC's By-law amendments in response to MSTC's withdrawal from the securities depository business and MCC's withdrawal from the securities clearance and settlement business are consistent with their obligations under Section 17A(b)(3)(F) of the Act. Specifically, eliminating rules relating to nominations for board membership, the Risk Assessment Committee, the appeals process, audits and financial reports, and Temporary Sponsored Participants and Accounts, will eliminate duplicative and obsolete rules without any substantive effect.

The Commission believes that MSTC's and MCC's amendments to their By-Laws to eliminate the requirement that participants receive information relating to the nomination and election of board members should remove rules that are currently obsolete in light of MSTC's and MCC's withdrawal from the securities depository business and securities clearance and settlement businesses. Specifically, because MSTC no longer has any active participants, it is no longer appropriate to require MSTC to provide participants with information relating to the nomination and election of board members. Additionally, membership in the CHX is a prerequisite to being accepted by MCC as a Sponsored Participant. Therefore, all of MCC's Sponsored Participants are CHX members, and as CHX members, MCC's Sponsored Participants receive information relating to the nomination and election of the CHX board of governors pursuant to CHX rules.

The Commission believes that it is appropriate for MSTC and MCC to delete the provisions in their rules relating to their respective Risk Assessment Committees. Specifically, in light of MSTC's withdrawal from the securities depository business and MCC's withdrawal from the securities clearance and settlement business, it is no longer necessary to maintain a Risk Assessment Committee that serves as an appellate review board and independent consultant to management.

Because MSTC has no members and because all MCC participants are also required to be CHX floor members, the Commission believes that it is appropriate for MSTC and MCC to amend their respective ceasing to act appeal processes to conform to similar procedures currently used by the CHX for emergency suspensions. Additionally, all MCC participants would still be subject to the CHX's rules regarding emergency suspensions.

The Commission believes that eliminating MSTC's and MCC's respective rules relating to audits and financial reports, and Temporary Sponsored Participants and Accounts is consistent with the Act because, in light of MSTC's and MCC's withdrawal from the securities depository business and securities clearance and settlement business, it is no longer necessary to produce independent financial statements or maintain internal accounting controls. For example, currently, there are no internal operations at MSTC, and MCC no longer maintains independent positions of securities. MCC merely acts as a conduit for Sponsored Participants to enable them to hold their positions at the National Securities Clearing Corporation. As a result, it is no longer necessary to produce independent financial statements or maintain internal accounting controls. Additionally, MSTC's and MCC's financial statements would still be reflected as part of the consolidated annual audited financials of their parent, the CHX.

IV. Conclusion

On the basis of the foregoing, the Commission finds that MSTC's and MCC's proposed rule changes are consistent with the requirements of the Act and in particular with Section 17A of the Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule changes (File Nos. SR-MSTC-96-04 and SR-MCC-96-04) be, and hereby are, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-27610 Filed 10-25-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37846; File No. SR-Philadep-96-13]

Self-Regulatory Organizations; Philadelphia Depository Trust Company; Order Granting Permanent Approval of Proposed Rule Change Concerning Procedures Relating to Rule 17Ad-16

October 21, 1996.

On July 2, 1996, Philadelphia Depository Trust Company ("Philadep") filed a proposed rule change (File No. SR-Philadep-96-13) with the Securities and Exchange Commission ("Commission") pursuant to Section 19(b) of the Securities Exchange Act of 1934 ("Act").¹ Notice of the proposal was published in the Federal Register on August 20, 1996, to solicit comments from interested persons.² No comments were received. As discussed below, this order approves the proposed rule change.

I. Description

On July 20, 1995, the Commission approved on a temporary basis a proposed rule change filed by Philadep to modify its procedures to implement Exchange Act Rule 17Ad-16.³ Rule 17Ad-16⁴ is designed to address the current and continuing problem of transfer delays due to unannounced transfer agent changes, including the change of a transfer agent for a particular issue and the change of the name or address of a transfer agent. The rule requires a registered transfer agent to send a notice to the "appropriate qualified registered securities depository"⁵ when assuming or

¹ 15 U.S.C. 78s(b) (1988).

² Securities Exchange Act Release No. 37558 (August 12, 1996), 61 FR 43110.

³ Securities Exchange Act Release No. 36002 (July 20, 1995), 60 FR 38602.

⁴ 17 CFR 240.17Ad-16. Securities Exchange Act Release No. 35039 (December 1, 1994), 59 FR 63656 (order adopting Rule 17Ad-16).

⁵ An "appropriate qualified register securities depository" is defined by Rule 17Ad-16 to mean the qualified registered securities depository that the Commission so designates by order, or in the absence of such designation, the qualified registered securities depository that is the largest holder of record of all qualified registered securities depositories as of the most recent record date. A "qualified registered securities depository" is defined by Rule 17Ad-16 to mean a clearing agency

Continued

⁸ MSTC is Article VIII, Rules 1 through 5, and MCC is amending Article XI, Rules 1, 2(a), 2(b), 2(c), 3(a), 3(b), 3(c), 5(d), 7(a) through 7(e), 7(g), 7(i), 10(a), 11(a), 11(d)(3) through 11(d)(6), and 11(e) through 11(i) and deleting Rules 5(c), 7(f), and 7(h).

⁹ 15 U.S.C. 78q-1 (1988).

¹⁰ 15 U.S.C. 78q-1(b)(3)(F) (1988).