

aggregate net asset value of \$120,039,529.79 and a per share net asset value of \$1.00. Pursuant to the Plan, applicant transferred to PW Fund all rights, title, and interest in and to applicant's assets. In exchange therefor, PW Fund assumed all liabilities, debts, obligations, and duties of applicant, and issued to applicant the number of shares of PW Fund determined by dividing the net asset value of a share of applicant by the net asset value of a share of PW Fund, in each case as of the close of regular trading on the New York Stock Exchange, Inc. on the Closing Date.

6. On the Closing Date, applicant liquidated and distributed *pro rata* to its shareholders of record, determined as of the close of business on the Closing Date, the shares of PW Fund received by applicant in the reorganization, in exchange for such shareholders' shares of applicant.

7. The expenses incurred in connection with the reorganization consisted primarily of legal expenses, expenses of printing and mailing communications to shareholders, registration fees, and miscellaneous accounting and administrative expenses. These expenses totalled approximately \$150,000 and were borne by applicant and PW Fund in proportion to their respective net assets.

8. As of the date of the application, applicant has no assets, debts or liabilities, and has no securityholders. Applicant is not a party to any litigation or administrative proceedings. Applicant is not now engaged, and does not propose to engage, in any business activities other than those necessary for winding-up of its affairs.

9. Applicant intends to file appropriate documentation to terminate its existence in Massachusetts, as required by Massachusetts law.

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

Margaret H. McFarland,

*Deputy Secretary.*

[FR Doc. 96-32959 Filed 12-26-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-38066; File No. SR-MSRB-96-12]

**Self-Regulatory Organizations; Notice of Filing and Order Granting Approval of Proposed Rule Change by the Municipal Securities Rulemaking Board Relating to the Permanent Operation of the Continuing Disclosure Information System of the Municipal Securities Information Library System**

December 19, 1996.

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 November 28, 1996, the Municipal Securities Rulemaking Board ("Board" or "MSRB") filed with the Securities and Exchange Commission ("Commission" or "SEC") a proposed rule change (File No. SR-MSRB-96-12). The proposed rule change is described in Items I, II, and III below, which Items have been prepared by the Board. The Commission is publishing this notice to solicit comments of the proposed rule change from interested persons.

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

The MSRB is filing herewith a proposed rule change for upgrading its interim Continuing Disclosure Information ("CDI") System of the Municipal Securities Information Library® ("MSIL®") system to CDINet, the Board's proposed permanent system for processing and disseminating continuing disclosure information and notices of material events.<sup>1</sup> The changes are as follows:

1. The current limit of 10 pages per document for fax and paper submissions will be changed to 25 pages. For documents exceeding 25 pages, the first 25 pages will be transmitted, with the full text made available to subscribers by mail, upon request. The capacity of the system to transmit documents will also be increased.

2. CDINet will replace the interim CDI System's modem submission system with a secure Web page on the Internet that may be used by submitters of disclosure documents.

3. The annual subscription price for CDINet will be increased to \$23,000.

<sup>1</sup> The Municipal Securities Information Library and MSIL are registered trademarks of the Board. The MSIL® system, which was approved in Securities Exchange Act Release No. 29298 (June 13, 1991), is a central facility through which information about municipal securities is collected, stored and disseminated.

**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 Board 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 tests of these statements may be examined at the places specified in Item IV below. The Board 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**

**1. Purpose**

On April 6, 1992, the Securities and Exchange Commission ("Commission" or "SEC") approved the CDI Pilot system for an 18-month period.<sup>2</sup> The CDI System began operating on January 23, 1993, and functions as part of the Board's MSIL® system. The CDI System accepts and electronically disseminates voluntary submissions of official disclosure notices relating to outstanding issues of municipal securities, *i.e.*, continuing disclosure information. During its first phase of operation, the System accepted disclosure notices only from trustees. On May 17, 1993, the System also began accepting disclosure notices from issuers.<sup>3</sup>

On November 10, 1994, the Commission approved an amendment to its Rule 15c2-12 which prohibits dealers from underwriting issues of municipal securities unless the issuer commits, among other things, to provide material events notices to the Board's CDI System or to all Nationally Recognized Municipal Securities Information Repositories ("NRMSIRs") and to the applicable state information depository.<sup>4</sup> In addition, the rule prohibits dealers from recommending municipal securities without having a system in place to receive material events notices. To conform to the new Commission requirements, the Board revised the CDI System and implemented an interim System

<sup>2</sup> Securities Exchange Act Rel. No. 30556 (April 6, 1992). A complete description of the CDI System is contained in File No. SR-MSRB-90-4, Amendment No. 1.

<sup>3</sup> On May 17, 1993, the Board reported to the Commission on the initial phase of operation of the CDI System regarding technical, policy and cost issues and proposed enhancements to the System.

<sup>4</sup> Securities Exchange Act Rel. No. 34961 (Nov. 10, 1994).

designed to accept material event notices while a larger permanent system was being designed.<sup>5</sup> The interim System increased the capacity of the system to enable it to process 200 documents per day and increased the page limit per document from three to 10. The Commission has approved operation of the interim System through December 31, 1996.<sup>6</sup>

The Board's experience with operating the interim CDI System since July 3, 1995, has demonstrated that the System operates reliably. The queue of notices broadcast to subscribers in the interim System, however, has become quite large, resulting in broadcasts continuing past the 5:00 p.m. official closing time. This typically occurs if the number of notices to broadcast exceeds the 200-notice capacity for which the interim System was designed.<sup>7</sup> The proposed permanent system, CDINet, is designed to broadcast 500 notices a day at a higher speed to address this situation.

#### CDINet

There are three areas of change from the interim System to CDINet. The first area relates to the length of documents submitted to the System and how they will be handled. Currently, the interim CDI System will accept and disseminate submissions of up to 10 pages, plus a voluntary cover sheet.<sup>8</sup> CDINet will accept fax and paper submissions of up to 25 pages. Should a submission exceed 25 pages, the first 25 pages and the cover sheet will be disseminated, with a notice to subscribers that the submission exceeds 25 pages. The System will then make available a copy of the complete submission to subscribers upon request, by express or regular mail, at their expense.

In addition, the interim CDI System was designed with the capability to disseminate up to 200 10-page submissions a day. While CDINet will increase the length of fax and paper notices it will disseminate from 10 pages to 25 pages, experience with the interim CDI System indicates that the

vast majority of submissions will be no longer than two to three pages.<sup>9</sup> CDINet is designed to disseminate up to 500 three-page submissions a day.

Regarding processing time, the Commission stated in the Release approving the amendments to Rule 15c2-12 that 15 minutes might be an appropriate turnaround time for dissemination of material event notices by NRMSIRs, but that it would further discuss the issue during the NRMSIR recognition process. The Board will use its best efforts to maintain a quick turnaround time for documents sent by facsimile and Internet to CDINet, but it is not possible to guarantee a 15-minute turnaround to subscribers if large numbers of documents are received in a short period of time. The Board will ensure that any document with a voluntary cover sheet received by facsimile, Internet, or mail will be disseminated the same day it is received. Depending upon the volume of documents received, documents that refer in their title to one of the 12 material events described in SEC Rule 15c2-12 but do not have voluntary cover sheets will be disseminated on the same day, if possible, but documents with cover sheets have higher dissemination priority.

The second change to the interim CDI System is to replace the current modem submission system with a secure Web page on the Internet. The interim System continued to use the modem submission system developed for the original CDI Pilot. That system requires, among other things, that the issuer or its agent install software developed by the Board on a personal computer and make their submissions by having their modems dial the CDI System at the Board's offices. The CDINet Web page will permit issuers or their agents to use commonly available Web browser software and make their submissions over the Internet. The other requirements of the modem submission system, *i.e.*, the need to receive written authorization, a user name, and a password from the Board and the need for submissions to be in ASCII format only, will remain in effect on the CDINet Web page.<sup>10</sup> Finally, since

submissions in ASCII format are substantially smaller, in terms of computer storage, than the equivalent submission in fax format, the CDINet Web page will accept and disseminate submissions of any length.

The third change to the CDI System is to raise the annual subscription fee from \$16,000 plus telephone charges, to \$23,000, plus telephone charges. The Board currently has seven subscribers and does not charge subscribers for any redistribution that they may make of the information received from the CDI System. In its original filing with the Commission regarding subscriber fees for the CDI Pilot, the Board stated that:

While Board funds will be expended, at least initially, to implement and operate the [CDI] Pilot system, the Board intends that user fees eventually will cover the operational costs of any permanent system. The Board, however, does not intend to or expect to make a profit from the operation of the system.<sup>11</sup>

The increased fee better reflects the Board's operational costs of the CDI System, but is not expected to produce excess revenues or profits.

As with the pilot and interim Systems, the notices sent to subscribers from CDINet will be available to any interested person at the Board's Public Access Facility in Alexandria, Virginia. The cost of copying notices in the Public Access Facility will remain 20 cents per page.

To design the permanent system, the Board staff met with representatives from CDI subscribers and all NRMSIRs in New York City on March 26, 1996, to receive their comments regarding possible changes to the interim CDI System. The changes proposed in this filing were developed after considering their comments.

The Board requests that the Commission approve the permanent system before the approval for the operation of the interim System expires on December 31, 1996.

#### 2. Statutory Basis

The Board has proposed this rule change pursuant to Section 15B(b)(2)(C) of the Act, which requires, in pertinent part, that the Board's rules shall:

be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect

establish the authenticity or accuracy of documents submitted, but that it will attempt to ensure accurate dissemination of documents accepted into the System.

<sup>11</sup> SEC File No. SR-MSRB-93-1, Jan. 12, 1993 at 2.

<sup>5</sup> The Board also terminated the pilot phase of the CDI System and filed its Report on the Conclusion of the CDI Pilot of the Municipal Securities Information Library® System with the Commission on August 25, 1995.

<sup>6</sup> Securities and Exchange Act Rel. No. 35911 (June 28, 1995); Securities Exchange Act Rel. No. 36610 (Dec. 20, 1995); Securities Exchange Act Rel. No. 37771 (Oct. 1, 1996).

<sup>7</sup> The largest number of notices broadcast by the interim System in one day was 305 on November 1, 1996.

<sup>8</sup> The cover sheet was in use in the interim System and provides identifying information about the issuer, the securities at issue, and the material event being disclosed. Use of the cover sheet is voluntary for submitters.

<sup>9</sup> From July 3, 1995 through October 22, 1996, the interim CDI System disseminated 13,341 submissions. The total number of pages disseminated in those submissions was 29,810. Thus, the average number of pages in a submission has been between two to three pages.

<sup>10</sup> In adopting the amendment to SEC Rule 15c2-12, the Commission stated that NRMSIRs will not be required to verify the accuracy of the information submitted, only to accurately convey the information. Securities Exchange Act Rel. No. 34961 at n. 155 (Nov. 10, 1994). The Board similarly asserts that it is not required to undertake to

to, and facilitating transactions in municipal securities, to remove impediments to and perfect the mechanism of a free and open market in municipal securities, and, in general, to protect investors and the public interest.

The MSIL<sup>®</sup> system is designed to increase the integrity and efficiency of the municipal securities market by, among other things, helping to ensure that the price charged for an issue in the secondary market reflects all available official information about that issue. The Board will continue to operate the output side of the CDI System to ensure that the information is available to any party who wishes to subscribe to the service. As with all MSIL<sup>®</sup> system services, this service is available, on equal terms, to any party requesting the service.

#### *B. Self-Regulatory Organization's Statement on Burden on Competition*

The Board does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

#### *C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others*

Written comments were neither solicited nor received. As noted above, the Board consulted with system users in developing CDINET.

#### III. 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, 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. Copies of the filing will also be available for inspection and copying at the Board's principal offices. All submissions should refer to File No. SR-MSRB-96-12 and should be submitted by January 17, 1997.

#### IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

The Commission finds that the MSRB's proposal is consistent with the requirements of the Act and the rules and regulations thereunder applicable to the Board, and, in particular, the requirements of Section 15B(b)(2)(C) and the rules and regulations thereunder. Specifically, the Commission believes that the CDI System, which is a component of the MSIL System, by making available official disclosure notices about existing municipal issues, will increase the integrity and efficiency of the municipal securities market, and help to ensure that the prices charged for an issue in the secondary market reflect all available official information about that issue.

The Commission finds good cause for approving SR-MSRB-96-12 prior to the thirtieth day after the date of publication in the Federal Register, in that accelerated approval is appropriate to provide for uninterrupted operation of the CDI System, especially because approval of the pilot program will expire on December 31, 1996.<sup>12</sup> The Commission believes that the CDI System has been proven to be reliable and that permanent approval is appropriate. The Commission notes that the CDI System has been in continuous operation since January 23, 1993, and the changes proposed in this rule proposal primarily represent a technical enhancement to the System.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act<sup>13</sup>, that the proposed rule change is hereby approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority, 17 CFR 200.30-3(a)(12).

Margaret H. McFarland,

*Deputy Secretary.*

[FR Doc. 96-32956 Filed 12-26-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-38065; File No. SR-SCCP-96-08]

#### **Self-Regulatory Organizations; Stock Clearing Corporation of Philadelphia; Notice of Filing of a Proposed Rule Change to Amend the Participants Fund Formula for Continuous Net Settlement Participants**

December 19, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on August 21, 1996, the Stock Clearing Corporation of Philadelphia ("SCCP") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-SCCP-96-08) as described in Items I, II, and III below, which items have been prepared primarily by SCCP. On October 8, and November 20, 1996, SCCP filed amendments to the proposed rule change.<sup>2</sup> 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 purpose of the proposed rule change is to amend SCCP's participants fund formula for its continuous net settlement ("CNS") participants.

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

In its filing with the Commission, SCCP included statements concerning the purpose of and basis for the proposed rule change and discussed any comments they received on the proposed rule changes. The text of these statements may be examined at the places specified in Item IV below. SCCP has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.<sup>3</sup>

#### **(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 amend SCCP's participants fund formula relating to its CNS participants. Currently, the participants

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

<sup>2</sup> Letters from Linda S. Christie, Staff Counsel, SCCP, to Jerry Carpenter, Assistant Director, Division of Market Regulation, Commission (September 18, September 30, and November 18, 1996).

<sup>3</sup> The Commission has modified the text of the summaries submitted by SCCP.

<sup>12</sup> In approving this rule, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. § 78c(f).

<sup>13</sup> 15 U.S.C. 78s(b)(2).