arranged by State. Subscriptions include an annual edition (issued on or about January 1) which includes all current general wage determinations for the States covered by each volume. Throughout the remainder of the year, regular weekly updates will be distributed to subscribers.

Signed at Washington, DC, this 11th day of December 1992.

Alan L. Moss,

Director, Division of Wage Determinations.

[FR Doc. 92-30519 Filed 12-17-92; 8:45 am]

BILLING CODE 4510-27-M

NATIONAL SCIENCE FOUNDATION

Committee Management; Renewal

The Assistant Director for Engineering has determined that the renewal of the Special Emphasis Panel in Engineering Education and Centers (formerly Special Emphasis Panel in Engineering Infrastructure Development) is necessary and in the public interest in connection with the performance of duties imposed upon the Director, National Science Foundation (NSF) by 42 U.S.C. 1861 et seq. This determination follows consultation with the Committee Management Secretariat, General Services Administration.

Name of Committee: Special Emphasis Panel in Engineering Education and Centers.

Purpose: To review applications to programs, progress of ongoing Engineering Research Centers and Engineering Education Coalitions, review special initiative proposals, and to advise the Division management of continuing funding.

Balanced Membership Plan: Membership will be selected on an "as needed basis in response to specific proposals/applications/sites to be reviewed. About 165 individual panelists will be used each year. Members will be selected for their technical fit and the breadth and depth of candidate members. Membership will represent industry and/or academia, small or large organizations. Consideration will also be given to achieving geographic balance and to enhancing representation for women, minority, younger and disabled scientists.

Responsible NSF officials: Dr. Sue Kemnitzer, Deputy Division Director (Education), National Science Foundation, room 1776G, Washington, DC 20550 (202) 786-9631.

Dated: December 11, 1992.

M. Rebecca Winkler,

Committee Management Officer.

[FR Doc. 92-30717 Filed 12-17-92; 8:45 am]

BILLING CODE 7555-01-M

Committee Management; Establishment

The Assistant Director for Education and Human Resources has determined that the establishment of the Advisory Panel for the Presidential Faculty Fellows activity is necessary and in the public interest in connection with the performance of duties imposed upon the Director, National Science Foundation (NSF) by 42 U.S.C. 1861 *et seq.* This determination follows consultation with the Committee Management Secretariat, General Services Administration.

Name of Committee: Advisory Panel for Presidential Faculty Fellows.

Purpose: To provide advice and recommendations to the Director, NSF, and the President, regarding nominations to the Presidential Faculty Fellow award for support and recognition of 36 of the nation's most outstanding young faculty members working in research, education, and human resources in the areas of the physical sciences, engineering, geoscience, mathematics, biology, computer and information science, and social, behavioral, and economic sciences.

Balanced Membership Plan: Membership will consist of about 35 persons selected to be representative of the scientific and engineering areas normally supported by the Foundation. Every effort is made to achieve a balanced membership with representation including women, minority scholars, disabled persons, as well as different geographic regions of the U.S. and leaders from predominately undergraduate institutions and industry.

Responsible NSF Officials: Dr. Sonia Ortega, Program Director or Ms. Mary Saladek, Program Manager, National Science Foundation, room 1202, Washington, DC 20550 (202) 357-9466.

Dated: December 11, 1992.

M. Rebecca Winkler,

Committee Management Officer.

[FR Doc. 92-30716 Filed 12-17-92; 8:45 am]

BILLING CODE 7555-01-M

Proposed Change to Grant Policy; Request for Comments

AGENCY: National Science Foundation.

ACTION: Notice of proposed change to National Science Foundation grant policy; request for comments.

SUMMARY: The National Science Foundation (NSF) is considering revisions to Section 517 of the NSF Grant Policy Manual, which sets forth NSF policy on payment of page charges for scientific journal publications under NSF grants. The proposed change to Section 517d of the NSF Grant Policy Manual would eliminate the present prohibition against payment of page charges to journals operated for profit. If adopted, NSF policy would no longer distinguish between journals published by profitmaking organizations and those published by scientific societies or other non-profit organizations for purposes of allowing page charges.

DATES: The NSF will welcome any comments on the proposed policy change. In order to be assured consideration comments must be postmarked no later than January 19, 1993.

ADDRESSES: Comments may be addressed to Robert B. Hardy, Acting Head of Policy, Division of Grants and Contracts, National Science Foundation, Washington, DC 20550.

FOR FURTHER INFORMATION CONTACT: Robert E. Hardy, 202-357-7880.

Lawrence Rudolph,

Deputy General Counsel.

[FR Doc. 92-30628 Filed 12-17-92; 8:45 am]

BILLING CODE 7555-01-M

NUCLEAR REGULATORY COMMISSION

[Docket Nos. 50-325 and 50-324]

Consideration of Issuance of Amendments to Facility Operating Licenses and Opportunity for Hearing; Carolina Power & Light Co., et. al.

The U.S. Nuclear Regulatory Commission (the Commission) is considering issuance of amendments to Facility Operating License Nos. DPR-71 and DPR-62, issued to Carolina Power & Light Company (CPL, the licensee), for operation of the Brunswick Steam Electric Plant, Units 1 and 2, located in Brunswick County, North Carolina.

The amendments would allow a one-time revision to the requirements of Technical Specification 3.3.3, Emergency Core Cooling System Actuation Instrumentation, when in Operational Condition 4 (Cold Shutdown) to allow the minimum number of operable channels for one reactor steam dome pressure—low instrumentation trip system to be

temporarily reduced from two (2) channels to one (1) channel. The proposed amendments would allow, on three (3) separate occasions, one (1) reactor steam dome pressure—low (injection permissive) channel to be placed in the inoperable status for up to seven (7) days without invoking the ACTION statement in order to support modifications to upgrade the seismic qualifications of instrument racks H21–P009 (Unit 2 only) and H21–P010 (Unit 1 and Unit 2).

Prior to issuance of the proposed license amendments, the Commission will have made findings required by the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations.

By January 19, 1993, the licensee may file a request for a hearing with respect to issuance of the amendments to the subject facility operating license and any person whose interest may be affected by this proceeding and who wishes to participate as a party in the proceeding must file a written request for hearing and a petition for leave to intervene. Requests for a hearing and petitions for leave to intervene shall be filed in accordance with the Commission's "Rules of Practice for Domestic Licensing Proceedings" in 10 CFR part 2. Interested persons should consult a current copy of 10 CFR 2.714 which is available at the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW., Washington, DC 20555 and at the Local Public Document Room located at the University of North Carolina at Wilmington, William Madison Randall Library, 601 S. College Road, Wilmington, North Carolina 28403–3297. If a request for a hearing or petition for leave to intervene is filed by the above date, the Commission or an Atomic Safety and Licensing Board, designated by the Commission or by the Chairman of the Atomic Safety and Licensing Board Panel, will rule on the request and/or petition; and the Secretary or the designated Atomic Safety and Licensing Board will issue a notice of hearing or an appropriate order.

As required by 10 CFR 2.714, a petition for leave to intervene shall set forth with particularity the interest of the petitioner in the proceeding, and how that interest may be affected by the results of the proceeding. The petition should specifically explain the reasons why intervention should be permitted with particular reference to the following factors: (1) The nature of the petitioner's right under the Act to be made a party to the proceeding; (2) the nature and extent of the petitioner's property, financial, or other interest in the proceeding; and (3) the possible effect of any order which may be entered in the proceeding on the petitioner's interest. The petition should also identify the specific aspect(s) of the subject matter of the proceeding as to which petitioner wishes to intervene. Any person who has filed a petition for leave to intervene or who has been admitted as a party may amend the petition without requesting leave of the Board up to fifteen (15) days prior to the first pre-hearing conference scheduled in the proceeding, but such an amended petition must satisfy the specificity requirements described above.

Not later than fifteen (15) days prior to the first prehearing conference scheduled in the proceeding, a petitioner shall file a supplement to the petition to intervene which must include a list of the contentions that are sought to be litigated in the matter. Each contention must consist of a specific statement of the issue of law or fact to be raised or controverted. In addition, the petitioner shall provide a brief explanation of the bases of the contention and a concise statement of the alleged facts or expert opinion which support the contention and on which the petitioner intends to rely in proving the contention at the hearing.

The petitioner must also provide references to those specific sources and documents of which the petitioner is aware and on which the petitioner intends to rely to establish those facts or expert opinion. Petitioner must provide sufficient information to show that a genuine dispute exists with the applicant on a material issue of law or fact. Contentions shall be limited to matters within the scope of the amendment under consideration. The contention must be one which, if proven, would entitle the petitioner to relief. A petitioner who fails to file such a supplement which satisfies these requirements with respect to at least one contention will not be permitted to participate as a party.

Those permitted to intervene become parties to the proceeding, subject to any limitations in the order granting leave to intervene, and have the opportunity to participate fully in the conduct of the hearing, including the opportunity to present evidence and cross-examine witnesses.

A request for a hearing or a petition for leave to intervene must be filed with the Secretary of the Commission, U.S. Nuclear Regulatory Commission, Washington, DC 20555, Attention: Docketing and Service Branch, or may be delivered to the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW., Washington, DC 20555 by the above date. Where petitions are filed during the last ten (10) days of the notice period, it is requested that the petitioner promptly so inform the Commission by a toll-free telephone call to Western Union at 1–800–248–5100 (in Missouri 1–800–342–6700). The Western Union operator should be given Datagram Identification Number N1023 and the following message addressed to Elinor G. Adensam: petitioner's name and telephone number; date petition was mailed; plant name; and publication date and page number of this Federal Register notice. A copy of the petition should also be sent to the Office of the General Counsel, U.S. Nuclear Regulatory Commission, Washington, DC 20555, and to Gerald Charnoff, Esq., Shaw, Pittman, Potts & Trowbridge, 2300 N Street NW., Washington, DC 20037, attorney for the licensee.

Nontimely filing of petitions for leave to intervene, amended petitions, supplemental petitions and/or requests for hearing will not be entertained absent a determination by the Commission, the presiding officer or the presiding Atomic Safety and Licensing Board that the petition and/or request should be granted based upon a balancing of the factors specified in 10 CFR 2.714(a)(1)(i)–(v) and 2.714(d).

If a request for a hearing is received, the Commission's staff may issue the amendments after it completes its technical review and prior to the completion of any required hearing if it publishes a further notice for public comment of its intent to make a no significant hazards consideration finding in accordance with 10 CFR 50.91 and 50.92.

For further details with respect to this action, see the application for amendments dated November 16, 1992, which is available for public inspection at the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW., Washington, DC 20555, and at the local public document room.

Dated at Rockville, Maryland, this 11th day of December 1992.

For the Nuclear Regulatory Commission.

Stephen T. Hoffman,

Acting Director, Project Directorate II–1, Division of Reactor Projects—I/II, Office of Nuclear Reactor Regulation.

[FR Doc. 92–30724 Filed 12–17–92; 8:45 am]

BILLING CODE 7590–01–M

GE Nuclear Energy Receipt of Application for Design Certification

Notice is hereby given that the Nuclear Regulatory Commission (the Commission) has received an application from GE Nuclear Energy (GE) dated August 27, 1992, filed pursuant to section 103 of the Atomic Energy Act and 10 CFR part 52, for design certification of the Simplified Boiling Water Reactor (SBWR) Standard Plant Design. A notice relating to the rulemaking pursuant to 10 CFR 52.51 for design certification, including provisions for participation of the public and other parties, will be published in the future.

The SBWR is a 670 MWe boiling water reactor in which passive safety systems are used for the ultimate safety protection of the plant. All of the safety systems are designed to be passive, where natural forces, such as gravity, natural convection, and stored energy (in the form of compressed gas or batteries), are used as the motive forces of these systems. The SBWR has a number of unique features that distinguish it from both the current generation of light water reactors and the evolutionary light water reactors. The SBWR application includes the entire power generation complex, except those elements and features considered site-specific, and is not a modular design in which major components are shared.

The application is incomplete in several important respects, and cannot, therefore, be accepted formally as a rulemaking petition for design certification. However, the NRC staff plans some review activities at this early stage to give GE notice of issues and concerns. Therefore, Docket Number 52–004 is being assigned to the application to facilitate public access to correspondence and review information. No formal review schedule has been established. The staff will establish its review schedule for final design approval after GE supplies the missing material.

A copy of the application is available for public inspection at the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW., Washington, DC. Previous correspondence on this application was filed under Project Number 681. The new docket number established for this application is 52–004.

Dated at Rockville, Maryland this 8th day of December 1992.

For the Nuclear Regulatory Commission.

Robert C. Pierson,

Director, Standardization Project Directorate, Associate Directorate for Advanced Reactors and License Renewal, Office of Nuclear Reactor Regulation.

[FR Doc. 92–30725 Filed 12–17–92; 8:45 am]

BILLING CODE 7590–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–31587; File No. SR–Amex–92–31]

Self-Regulatory Organizations; Filing of Proposed Rule Change by American Stock Exchange, Inc., Relating to Automatic Cancellation of Orders in Expiring Rights and Warrants

December 11, 1992.

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 August 28, 1992, the American Stock Exchange, Inc. ("Amex" or "Exchange") 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 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 proposed amendment to Rule 179 provides for automatic cancellation of "regular way" and "next day" orders in expiring rights and warrants prior to commencing "next day" and "cash" trading, respectively, in such issues.

The text of the proposed rule change is available at the Office of the Secretary, Amex, 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 self-regulatory organization 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 self-regulatory organization 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

Exchange Rule 179 provides time frames during which orders in expiring rights and warrants must be for "next day" delivery or for "cash" settlement, rather than for "regular way" five-day delivery. In order to assure that trades are settled prior to expiration, orders in expiring warrants must be for "cash" settlement during the last five business days before expiration, and for "next day" delivery during the three business days preceding that five day period. Orders in rights must be for "cash" settlement on the last trading day before expiration and for "next day" delivery on the five business days preceding the last trading day. Currently, "regular way" orders and "next day" orders on the specialist's book are not cancelled unless prior to execution the member or member organization from whom the specialist received the order cancels it. If the order is not cancelled, it automatically becomes "next day" or "cash" in accordance with the above time frames.

The Exchange has determined to amend Rule 179 to provide, in accordance with the time frames of the Rule, for the automatic cancellation of open "regular way" and "next day" orders in expiring rights and warrants entered in the Post Execution Reporting ("PER") system and on the specialist's book prior to commencing "next day" and "cash" trading in those securities. The normal ticker notice provided by the Exchange with respect to expiring rights and warrants would provide ample notice to members and member organizations regarding such order cancellations thereby giving them the opportunity to replace or not replace their cancelled orders. Substituted "next day" and "cash" orders would be treated as new orders and not entitled to retain the priority on the specialist's book of the "regular way" order.

The new procedures are particularly important in light of the utilization of the Amex Order File ("AOF") by an increasing number of member organizations. GTC/GTX (good 'til cancelled) or open orders in rights or warrants entered into PER/AOF as "regular way" orders but not cancelled prior to the automatic "non-regular way" trading (*e.g.*, "next day" or "cash") may result in errors in clearance and settlement. "Regular way" GTC/GTX orders entered by member organizations are recorded on the AOF with the Amex omnibus give-up

"APEX" to facilitate clearance through National Securities Clearing Corporation ("NSCC") facilities. Currently, the omnibus give-up "APEX" remains on the order on file and on the paper order on the specialist's book until it is executed, cancelled, or manually deleted. "Cash" or "next day" trades require a member organization's specific give-up symbol, instead of "APEX", to facilitate clearance of such "non-regular way" trades through NSCC facilities. Modifications to AOF to permit automatic purging from the system of open orders in expiring rights and warrants and their re-entry by member organizations with the organization's specific "give-up", if applicable, will facilitate accurate clearance and settlement of "cash" and "next day" trades without special action being taken by the specialist.

2. Basis

The proposed rule change is consistent with section 6(b) of the Act in general and furthers the objectives of section 6(b)(5) in particular in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market, and, in general, to protect investors and public interest.

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

The proposed rule change will impose no burden on competition.

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

No written comments were solicited or received with respect to the proposed rule change.

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

Within 35 days of the publication of this notice in the **Federal Register** or within such other period (i) as the Commission may designate up to 90 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 the 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 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 will also be available for inspection and copying at the principal office of the Amex. All submissions should refer to File No. SR–Amex–92–31 and should be submitted by January 8, 1993.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 92–30781 Filed 12–17–92; 8:45 am]

BILLING CODE 8010–01–M

[Release No. 34–31591; File No. SR–AMEX–92–18]

Self-Regulatory Organizations; Order Approving Proposed Rule Change by the American Stock Exchange, Inc. Relating to Portfolio Depository Receipts

December 11, 1992.

On July 22, 1992,[1] the American Stock Exchange, Inc. ("AMEX" or "Exchange") submitted to the Securities and Exchange Commission ("Commission" or "SEC"), pursuant to Section 19(b) of the Securities Exchange Act of 1934 ("Act")[2] and Rule 19b–4 thereunder,[3] a proposed rule change to adopt new Rules 1000 *et seq.* to provide for the listing and trading of Portfolio Depositary Receipts ("PDRs"), which are securities issued by a unit investment trust and holding a portfolio of securities linked to an index.

Notice of the proposed rule changes were published for comment and appeared in the **Federal Register** on August 20, 1992.[4] No comments were received on the proposed rule changes. This order approves the proposal.

II. Description of the Proposal

A. Listing Requirements for Unit Investment Trusts

The Exchange proposes to adopt new Rules 1000 *et seq.* to accommodate the trading on the AMEX of PDRs, securities which are interests in a unit investment trust ("Trust")[5] holding a portfolio of securities linked to an index. The Trust sponsor ("Sponsor") will be PDR Services Corporation, a wholly-owned subsidiary of the AMEX. Each Trust will provide investors with an instrument that closely tracks the underlying portfolio of securities, that trades like a share of common stock, and that pays PDR holders periodic dividends proportionate to those paid with respect to the underlying portfolio of securities, less certain expenses (as described in the Trust prospectus).

Under the proposal, the Exchange may list and trade PDRs based on one or more stock indexes or securities portfolios. PDRs based on each particular stock index or portfolio shall be designated as a separate series and identified by a unique symbol. The stocks that are included in an index or portfolio on which PDRs are based shall be selected by the AMEX or its agent, a wholly-owned subsidiary of the Exchange, or by such other person as shall have a proprietary interest in and authorized use of such index or portfolio, and may be revised as may be deemed necessary or appropriate to maintain the quality and character of the index or portfolio.[6]

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[1] The AMEX originally submitted its filing on June 5, 1992. On July 22, 1992, the AMEX submitted an amendment to its filing.

[2] 15 U.S.C. 78s(b)(1) (1982).

[3] 17 CFR 240.19b–4 (1991).

[4] See Securities Exchange Act Release No. 31039 (August 20, 1992), 57 FR 37851.

[5] The SPDR Trust, Series I, filed with the Commission's Division of Investment Management an application seeking, among other things, an order: (1) Permitting secondary market transactions in SPDRs at negotiated prices, rather than at a current public offering price described in the prospectus as required by section 22(d) of the Investment Company Act of 1940 ("'40 Act") and Rule 22c–1; and (2) permitting the sale of Standard & Poor's ("S&P") Depositary Receipts ("SPDRs") to purchasers in the secondary market unaccompanied by a prospectus, when prospectus delivery is not required by section 4(3) of the Securities Act of 1933 but may be required according to section 24l(d) of the '40 Act for redeemable securities issued by a Unit Investment Trust. The Commission granted these exemptions on October 26, 1992. The exemptions permit individual SPDRs to be traded in secondary market transactions similar to closed-end investment company securities.

[6] The Commission notes that the AMEX is required to submit rule filings pursuant to section 19(b) of the Act before it lists a PDR based on a new index or group of securities. See letter from James P. Duffy, Senior Vice President & General Counsel, Legal & Regulatory Policy Division, AMEX, to Sharon Lawson, Assistant Director, Division of

Continued

In connection with an initial listing, the Exchange proposes that, for each Trust of PDRs, the Exchange will establish a minimum number of PDRs required to be outstanding at the time of commencement of Exchange trading, and such minimum number will be filed with the Commission in connection with any required submission under Rule 19b–4 for each Trust.[7]

Because the Trust operates on an open-end type basis, and because the number of SPDR holders is subject to substantial fluctuations depending on market conditions, the Exchange believes it would be inappropriate and burdensome on PDR holders to consider suspending trading in or delisting a series of PDRs, with the consequent termination of the Trust, unless the number of holders remains severely depressed during an extended time period. Therefore, twelve months after the formation of a Trust and commencement of Exchange trading, the Exchange will consider suspension of trading in, or removal from listing of, a Trust when, in its opinion, further dealing in such securities appears unwarranted under the following circumstances:

(a) If the Trust on which the PDRs are based has more than 60 days remaining until termination and there have been fewer than 50 record and/or beneficial holders of the PDRs for 30 or more consecutive trading days; or

(b) If the Index on which the Trust is based is no longer calculated; or

(c) If such other event shall occur or condition exists which, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable.

A Trust shall terminate upon removal from Exchange listing and its PDRs redeemed in accordance with provisions of the Trust prospectus. A Trust may also terminate under such other conditions as may be set forth in the Trust prospectus. For example, the Sponsor, following notice to PDR holders, shall have discretion to direct that the Trust be terminated if the value of securities in such Trust falls below a specified amount.[8]

B. Listing of SPDRs

The AMEX expects that the first Trust to be formed in connection with the issuance of Portfolio Depositary Receipts will be based on the S&P 500 Composite Stock Price Index ("S&P 500 Index" or "Index") with the securities of the Trust known as SPDRs. It is anticipated that the term of the SPDR Trust will be 25 years.[9] The Trustee of the SPDR Trust will have the right to vote any of the voting stocks held by the Trust, and will vote such stocks of each issuer in the same proportion as all other voting shares of that issuer voted.[10] Therefore, SPDR holders will not be able to directly vote the shares of the issuers underlying SPDRs.

The Trust will issue SPDRs in exchange for "Portfolio Deposits" of all of the S&P 500 Index securities, weighted according to their representation in the Index.[11] An investor making a Portfolio Deposit into the Trust will receive a "Creation Unit" composed of 500,000 SPDRs, with an initial net asset value of approximately $2.1 million.[12] The price of SPDRs will be based on a current bid/offer market.[13] SPDRs will not be redeemable individually, but may be redeemed in Creation Unit size (*i.e.*, 50,000 SPDRs). Specifically, a Creation Unit may be redeemed for an in-kind distribution of securities identical to a Portfolio Deposit.[14] PDR Distribution Services, Inc. ("Distributor"), a registered broker-dealer, will act as underwriter of SPDRs on an agency basis.

C. Trading of PDRs

The Amex proposal includes rules to govern the trading of PDRs, in general, and SPDRs, in particular.[15] First the AMEX proposal provides procedures to govern the application of trading halts. Specifically, the AMEX has stated that prior to commencement of trading in PDRs, the Exchange will issue a circular to members informing them of Exchange policies regarding trading halts in such securities. Under the proposal, the circular will make clear that, in addition to other factors that may be relevant, the Exchange may consider factors such as those set forth in Exchange Rule 918C(b), the AMEX's rule governing trading rotations, halts and suspensions for stock index options, in exercising its discretion to halt or suspend trading. For a PDR based on an index, these factors would include whether trading has been halted or suspended in the primary market(s) for any combination of underlying stocks accounting for 20% or more of the applicable current index group value; or whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.

According to the AMEX, SPDR trading would be halted (along with other securities on the Exchange) if the circuit breaker parameters under AMEX Rule 117 have been reached.[16] The triggering of futures price limits for the S&P 500, S&P 100 Composite Price Stock Index ("S&P 100 Index") or Major Market Index ("MMI") futures contracts will not, in themselves, result in a halt in SPDR trading or a delayed opening. Such an event, however, could be considered by the Exchange, along with other factors, such as a halt in trading in S&P 100 Index Options ("OEX"), S&P

Market Regulation, SEC, dated July 23, 1992 ("AMEX Letter").

[7] The AMEX indicates that 150,000 SPDRs (approximately $6 million) will be required to be outstanding when trading commences.

[8] For an example of some specific conditions for termination of a Trust, see *infra* note 9.

[9] The SPDR Trust may terminate at an earlier time under certain circumstances, as provided in the prospectus. For example, the SPDR Trust may terminate if the license agreement with S&P Corporation terminates. In addition, the Sponsor of the SPDR Trust may terminate the Trust if the net asset value of the Trust, after six months from inception, falls below $150 million, and, after three years from inception, the net asset value of the Trust falls below $350 million, as adjusted annually for inflation.

[10] The Trustee will abstain from voting if the stocks held by the Trust cannot be voted in proportion as all other shares of the securities are voted.

[11] A Portfolio Deposit also will include a cash payment equal to a *pro rata* portion of the dividends accrued on the Trust's portfolio securities since the last dividend payment by the Trust, plus or minus an amount designed to compensate for any difference between the net asset value of the Portfolio Deposit and the S&P 500 Index caused by, among other things, the fact that a Portfolio Deposit cannot contain fractional shares.

[12] The Trust is structured so that the net asset value of an individual SPDR should equal one-tenth of the value of the S&P 500 Index. At the index's current level, the net asset value of a SPDR would be approximately $43 of the S&P 500 Index. At the index's current level, the net asset value of a SPDR would be approximately $43.

[13] The AMEX has, in a separate rule filing, proposed to use 1/32's as the minimum fraction for trading in SPDRs. See file no. SR–AMEX–92–14 (December 11, 1992).

[14] An investor redeeming a Creation Unit will receive Index securities and cash identical to the Portfolio Deposit required of an investor wishing to purchase a Creation Unit on that particular day. Since the Trust will redeem in kind rather than for cash, the Trustee will not be forced to maintain cash reserves for redemptions. This should allow the Trust's resources to be committed as fully as possible to tracking the S&P 500 Index, enabling the Trust to track the Index more closely than other basket products that must allocate a portion of their assets for cash redemptions.

[15] Because SPDRs represent a portfolio of securities, and do not involve the trading of the stocks in the portfolio on an individual basis, the Commission believes that SPDRs are distinct and separate securities from the securities contained in the portfolio and, thus, would not be subject to off-board trading restrictions. Accordingly, SPDRs may be traded off-exchange or off-board pursuant to Rule 19c–3. In addition, SPDRs also would be eligible for trading by other exchange markets pursuant to the unlisted trading privileges ("UTP") procedure, as set forth under 12(f) under the Act.

[16] AMEX Rule 117 provides that:

If the Dow Jones Industrial Average ("DJIA") is calculated at a value of 250 or more points below its closing value on the previous trading day ("Closing Value"), trading in securities on the Exchange shall halt and not reopen for one hour. If, on the same day, the DJIA is subsequently calculated at a value of 400 or more points below that closing value, trading in securities on the Exchange shall halt and may not reopen for two hours.

500 Index Options ("SPX"), or Major Market Index Options ("XMI"), in deciding whether to halt trading in SPDRs.[17]

Second, the AMEX proposal requires that members and member organizations provide to all purchasers of each series of such securities, in a form prepared by the Exchange, not later than the time a confirmation of the first transaction in such series of PDRs is delivered to such purchaser. In this regard, a number or member organization carrying an omnibus account for a non-member broker-dealer will be required to inform such non-member that execution of an order to purchase PDRs for such omnibus account will be deemed to constitute an agreement by the non-member to make such written description available to its customers on the same terms as are directly applicable to member and member organizations. The written description must be included with any sales material on that series of PDRs that a member provides to customers or the public. Moreover, other written materials provided by a member or member organization to customers or the public making specific reference to a series of PDRs as an investment vehicle must include a statement in substantially the following form: "A circular describing the terms and characteristics of [the series of PDRs] has been prepared by the AMEX and is available from your broker or the Exchange. It is recommended that you obtain and review such circular before purchasing [the series of PDRs]. In addition, upon request you may obtain from your broker a prospectus for [the series of PDRs]."[18] Finally, as noted above, the Exchange requires that members and member organizations provide customers with a copy of the prospectus for a series of PDRs upon request.

Third, the proposal provides in Commentary .02 to Proposed AMEX Rule 1000 that transactions in PDRs may be necessary on the AMEX until 4:15 p.m. each business day.[19] Secondary market transactions of PDRs, in general, and SPDRs, in particular, will be reported to the consolidated tape.

III. Discussion

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). Specifically, the Commission believes that providing for the exchange-trading of PDRs, in general, and SPDRs, in particular, will offer a new and innovative means of participating in the securities markets. In particular, the Commission believes that the trading of PDRs will provide investors with increased flexibility in satisfying their investment needs of allowing them to purchase and sell a low-cost security replicating the performance of a broad portfolio of stocks at negotiated prices throughout the business day.[20] The Commission also believes that the PDRs will benefit investors by allowing them to trade securities based on unit investment trusts in secondary market transactions.[21]

The Commission believes that the listing and trading on an exchange of a security like SPDRs, which replicates the performance of a broad portfolio of stocks, could benefit the securities markets by, among other things, helping to ameliorate the volatility occasionally experienced in these markets, such as during the October 1987 and 1989 Market Breaks.[22] The Commission believes the creation of one or more products where actual portfolios of stocks or instruments representing portfolios of stock, such as PDRs, that can trade at a single location in an auction market environment could alter the dynamics of program trading, because the availability of such single transaction portfolio trading could, in effect, restore the execution of program trades to more traditional block trading techniques.[23]

The 1987 Market Break Report noted the potential benefits to be derived from providing a market where institutional investors and member firms could focus their equity transactions at posts trading a portfolio of stocks in a single transaction. In particular, the 1987 Market Break Report noted that the specialist(s) and the trading crowd(s) at the portfolio post could provide additional liquidity, that is currently unavailable at the posts for trading in each of the individual stocks, as well as provide the additional efficiencies associated with effecting a single transaction in a portfolio of securities as opposed to numerous transactions in individual stocks. The additional layer of liquidity to the market could help to absorb the velocity and concentration of trading associated with index-related trading strategies involving individual stocks. Because market portfolio instruments, such as SPDRs, would be traded at a single location on an exchange floor, the potentially adverse effects of program trading order flows during volatile market conditions, such as imbalances in particular stocks, would be diminished.[24] Moreover, the trading of a single security replicating the performance of a broad portfolio of stocks, in general, and SPDRs, in particular, will provide an easy and inexpensive method to clear and settle a portfolio of stocks. Accordingly, given the design of the PDRs in general, and SPDRs, in particular, the Commission believes that the benefits to the marketplace noted above resulting from the trading of a "basket" product likely will result from the trading of PDRs.

As noted above, an individual SPDR will have a value approximately equal to 10% of the value of the S&P 500 Index. This should potentially make this product more available and useful to individual retail investors desiring to hold a security replicating the performance of a broad portfolio of stocks. Accordingly, the Commission believes that SPDRs will provide retail investors with a cost efficient means to make investment decisions based on the direction of the market as a whole and may provide stock market participants several advantages over existing

[17] See AMEX Letter, *supra* note 6.

[18] See Commentary .01 to Proposed AMEX Rule 1000.

[19] SPDR creations and redemptions, however, will not be reported to the tape by any party, nor will securities delivered to the Trust upon the creation of SPDRs or securities delivered by the Trust to SPDR holders upon redemption. The transfer of stock to create or redeem SPDRs is not a transaction on the Exchange, and, therefore is not a transaction that would be subject to the requirements of Rule 11Ac1–2 under the Act. Accordingly, because no transactions in individual S&P 500 stocks will occur on the AMEX, an application to trade such securities pursuant to UTP procedures is unnecessary and not required under the Act.

[20] Pursuant to section 6(b)(5) of the Act the Commission must predicate approval of exchange trading for new products upon a finding that the introduction of the product is in the public interest. Such a finding would be difficult with respect to a product that served no investment, hedging or other economic function, because any benefits that might be derived by market participants would likely be outweighed by the potential for manipulation, diminished public confidence in the integrity of the markets, and other valid regulatory concerns.

[21] The Commission notes, however, that unlike open-end funds where investors have the right to redeem their fund shares on a daily basis, investors could only redeem SPDRs in 50,000 share units. Nevertheless, SPDRs would have the added benefit of liquidity from the secondary market and SPDR holders, unlike holders of most other open-end funds, would be able to dispose of their shares in a secondary market transaction.

[22] See Division of Market Regulation, SEC, The October 1987 Market Break (February 1988) ("1987 Market Break Report") and Division of Market Regulation, SEC, Market Analysis of October 13, and 16, 1989 (December 1990).

[23] Program trading is defined as index arbitrage or any trading strategy involving the related purchase or sale of a "basket" or group of 15 or more stocks having a total market value of $1 million or more.

[24] See *infra* note 35.

methods of effecting program trades involving stocks.

The Commission also believes that PDRs, in general, and SPDRs, in particular, will provide investors with several advantages over standard open-end S&P 500 Index mutual fund shares. In particular, investors will have the ability to trade SPDRs continuously throughout the business day in secondary market transactions at negotiated prices.[25] In contrast, pursuant to Investment Company Act Rule 22c–1,[26] holders and prospective holders of open-end mutual fund shares are limited to purchasing or redeeming securities of the fund based on the net asset value of the securities held by the fund as designated by the board of directors.[27] Accordingly, PDRs, and SPDRs in particular, will allow investors to (1) respond quickly to changes in the market; (2) trade at a known price; (3) engage in hedging strategies not currently available to retail investors; and (4) reduce transaction costs for trading a portfolio of securities.

Although SPDRs are not leveraged instruments, and, therefore, do not possess any of the attributes of stock index options, their price will still be derived and based upon the securities held in the Trust. In essence, SPDRs are equity securities that are priced off a portfolio of stocks based on the S&P 500 Index.[28] Accordingly, the level of risk involved in the purchase or sale of a SPDR is similar to the risk involved in the purchase or sale of traditional common stock, with the exception that the pricing mechanism for SPDRs is based on a basket of stocks. Nonetheless, the Commission has several specific concerns regarding the trading of these securities. In particular, SPDRs raise disclosure, market impact and secondary market trading issues that must be addressed adequately. As discussed in more detail below, the Commission believes the AMEX proposal adequately addresses these concerns.

A. Disclosure

The Commission believes the AMEX proposal contains several provisions that will ensure that investors are adequately apprised of the terms, characteristics, and risks of trading PDRs. As noted above, the proposal include five aspects addressing disclosure concerns. First, AMEX members must provide their customers trading PDRs with a written explanation of any special characteristics and risks attendant to trading such PDR securities (such as SPDRs), in a form prepared by the AMEX.[29] Second, members and member orgnaizations must include this written product description with any sales material relating to a series of PDRs that is provided to customers or the public. Third, any other written materials provided by a member or member organization to customers or the public referencing PDRs as an investment vehicle must include a statement in a form specified by the AMEX, that a circular and prospectus are available from a broker upon request. Fourth, a member or member organization carrying an omnibus account for a non-member broker-dealer is required to inform such non-member that execution of an order to purchase a series of PDRs for such omnibus account will be deemed to constitute agreement by the non-member to make the written product description available to its customers on the same terms as member firms. Accordingly, the Commission believes that investors in PDR securities, in general, and SPDRs, in particular, will be provided with adequate disclosure of the unique characteristics of the PDR instruments and other relevant information pertaining to the instruments.[30]

Finally, under the AMEX's proposal there will be no special account opening or customer suitability rules applicable to the trading of PDRs.[31] Nevertheless, pursuant to proposed AMEX Rule 1000(a), the AMEX equity rules governing account opening and suitability will apply. Specifically, these provisions provide that members shall use due diligence to learn the essential facts relative to every customer, order or account accepted, and, prior to or promptly after the competition of a transaction for such account, specifically approve the opening of the account.[32]

B. Market Impact

The Commission believes the AMEX has adequately addressed the potential market impact concerns raised by its proposal. First, the AMEX proposal permits the listing and trading of specific PDRs only after review by the Commission.[33] Second, the AMEX has developed policies regarding trading halts in PDRs. Specifically, the Exchange would halt PDR trading if the circuit breaker parameters under AMEX Rule 117 were reached.[34] In addition, in deciding whether to halt trading or conduct a delayed opening in PDRs, in general, and SPDRs, in particular, the AMEX represents that it will be guided by, but not necessarily bound to, relevant stock index option trading rules. Specifically, consistent with AMEX Rule 918C(b), the AMEX may consider whether trading has been halted or suspended in the primary market(s) for any combination of

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[25] Because of potential arbitrage opportunities, the Commission believes that SPDRs will not trade at a material discount or premium in relation to their net asset value. The mere potential for arbitrage should keep the market price of a SPDR comparable to its net asset value, and therefore, arbitrage activity likely will be minimal. In addition, the Commission believes the Trust will track the S&P 500 Index more closely than an open-end index fund because the Trust will accept only in-kind deposits, and, therefore, will not incur brokerage expenses in assembling its portfolio. In addition, the Trust will redeem only in kind, thereby enabling the Trust to invest virtually all of its assets in securities comprising the S&P 500 Index.

[26] Investment Company Act Rule 22c–1 generally requires that a registered investment company issuing a redeemable security, its principal underwriter, and dealers in that security, may sell, redeem, or repurchase the security only at a price based on the net asset value next computed after receipt of an investor's request to purchase, redeem, or resell. The net asset value of a mutual fund generally is computed once daily Monday through Friday as designated by the investment company's board of directors. The Commission granted SPDR Trust an exemption from this provision in order to allow SPDRs to trade at negotiated prices in the secondary market.

[27] *Id.*

[28] In fact, the margin requirement for the PDRs will be identical to the requirements for other equity securities. The short sale of a SPDR will be margined at 150% of the current market value of the security, while long SPDR positions are set at 50% of the current market value of the security, the usual Regulation T requirements for equity margin stocks.

[29] The AMEX submitted with its rule filing a SPDR Product Description required to be distributed to customers trading SPDRs. This document describes, among other things, that SPDRs possess risks similar to those present when investing in a broadly based portfolio of common stocks, including the risk that the general level of stock prices may decline, thereby adversely affecting the value of such investment.

[30] In addition, the exemptions granted by the Commission under the Investment Company Act of 1940 that permit the secondary market trading of SPDRs are specifically conditioned upon the customer disclosure requirements described above.

[31] This reflects the fact that PDRs are equity products and not an options product, and, therefore, do not necessitate the imposition of options-like rules.

[32] See Amex Rule 411.

[33] See AMEX Letter, *supra* note 6. In reviewing proposals concerning specific series of PDRs, the Commission expects to focus on whether the PDR series by virtue of its design or composition raises potential manipulation, disclosure, or other trading abuse concerns.

[34] The circuit breaker rules provide that trading in the stock, options and futures markets will halt for one hour if the Dow Jones Industrial Average ("DJIA") declines 250 points or more from its previous day's closing level, and, thereafter, trading would halt for an additional two hours if the DJIA declines 400 points from the previous day's close. The triggering of futures price limits for the S&P 500, S&P 100, or MMI futures, however, will not, in themselves, result in a halt in PDR trading or delayed openings. Such an event, however, could be considered by the Exchange, along with other factors, in deciding whether to halt trading in PDRs.

underlying stocks accounting for 20% or more of the applicable current index group value or whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.

The Commission believes that the listing and trading of SPDRs will not adversely impact U.S. securities markets. The corpus of the SPDR Trust will be a portfolio of stocks replicating the S&P 500 Index, a broad-based, capitalization-weighted index consisting of 500 of the most actively-traded and liquid stocks in the U.S. Accordingly, the Commission believes that SPDRs do not contain features that will make them likely to impact adversely the U.S. securities markets. In fact, as described above, the Commission believes SPDRs may provide substantial benefits to the marketplace and investors, including, among others, enhancing the stability of the markets for individual stocks.[35] Finally, the AMEX has developed surveillance procedures for PDRs that incorporate and rely upon existing AMEX surveillance procedures governing options and equities.

C. Trading Rules

The Commission finds that the AMEX has designed adequate rules and procedures to govern the trading of PDR securities, including SPDRs. Specifically, because PDRs, in general, and SPDRs, in particular, are equity securities that will be subject to the full panoply of AMEX rules governing the trading of equity securities on the AMEX, including, among others, rules governing the priority, parity and precedence of orders and the responsibilities of specialists. In addition, the AMEX has developed specific listing and delisting criteria for PDRs that will help to ensure that the markets for PDRs will be deep and liquid. As noted above, the AMEX also has developed trading halt procedures governing PDRs. Accordingly, the Commission believes that the AMEX's rules governing the trading of PDRs provide adequate safeguards to prevent manipulative acts and practices and to protect investors and the public interest. The Commission also finds that permitting the trading of PDRs until 4:15 p.m. is appropriate given the availability of other basket products, such as stock index options, until that time.

IV. Conclusion

The Commission finds that the listing and trading of PDRs, in general, and SPDRs, in particular, 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). As discussed above, the trading of PDRs, including SPDRs, on a secondary market, should provide a variety of benefits to the marketplace and investors trading portfolios of securities. Accordingly, the Commission believes that SPDRs will serve to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, protect investors and the public interest.

It is therefore ordered, pursuant to section 19(b)(2) of the Act,[36] that the proposed rule change (SR–AMEX–92–18) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[37]

Margaret H. McFarland,

Deputy Secretary.

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[35] Even though PDR transactions may serve as substitutes for transactions in the cash market, thereby making the order flow in individual stocks smaller than would otherwise be the case, the Commission acknowledges that during turbulent market conditions the ability of large institutions to redeem or create PDRs could conceivably have an impact on price levels in the cash market. In particular, if a PDR is redeemed, the resulting long stock position could be sold into the market, thereby depressing prices further. The Commission notes, however, that the redemption or creation of PDRs likely will not exacerbate a price movement because PDRs will be subject to the equity margin requirements of 50% and PDRs are non-leveraged instruments. In addition, as noted above, during turbulent market conditions, the Commission believes PDRs and SPDRs, in particular, will serve as a vehicle to accommodate and "bundle" order flow that otherwise would flow to the cash market, thereby allowing such order flow to be handled more efficiently and effectively. Accordingly, although PDRs and SPDRs could, in certain circumstances, have an impact on the cash market, on balance we believe the product will be beneficial to the marketplace and can actually aid in maintaining orderly markets.

[36] 15 U.S.C. 78s(b)(2) (1988).

[37] 17 CFR 200.30–3(a)(12) (1991).

[Release No. 34–31586; International Series Release No. 508; File No. SR–NASD–92–27]

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Amendment and Order Granting Temporary Accelerated Approval of Proposed Rule Change Relating to Issuer Notification Requirements and Fees for the Issuance of Additional Shares and the Creation of Certain Stock Plans

December 11, 1992.

On June 17, 1992, the National Association of Securities Dealers, Inc. ("NASD", "Association" or "Corporation") submitted a proposed rule change to the Securities and Exchange Commission ("SEC" or "Commission") pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b–4 thereunder.[2] The proposal amends Schedule D of the NASD's By-Laws[3] in order to require issuers included in either the Regular NASDAQ System ("regular NASDAQ") or the NASDAQ/National Market System ("NASDAQ/NMS"), (together known as "NASDAQ") to file with the NASD notification of the creation of a stock option, employee stock purchase or other stock remuneration plan or the issuance of additional shares of any class of securities included in NASDAQ, other than securities issued under such plans. Issuers of securities (except for ADRs) included in NASDAQ will also be required to notify the NASD of any change in the issuer's transfer agent or registrar. Further, the rule change amends Schedule D of the By-Laws[4] to require NASDAQ issuers to pay a fee for each issuance of additional shares of an already included security in connection with certain enumerated transactions.

Notice of the proposed rule change, as originally filed, together with its terms of substance was provided by the issuance of a Commission release (Securities Exchange Act Release No. 31289, International Release No. 467, October 5, 1992) and by publication in the **Federal Register** (57 FR 46887, October 13, 1992). No comments were received in response to the Commission release.

On November 18, 1992, the NASD submitted Amendment No. 1 to the proposed rule change. Amendment No. 1 responds to four comment letters received by the Commission prior to publication of notice of the original filing; amends the language of the filing to clarify the intent of the NASD, especially to clarify that the proposed fee will be a *per issuance* fee and that the notification requirements apply only to the creation of certain stock remuneration plans and the issuance of additional shares; corrects certain technical errors in the filing; and requests an effective date of December 1, 1992 for the rule change.[5]

[1] 15 U.S.C. 78s(b)(1) (1988).

[2] 17 CFR 240.19b–4 (1992).

[3] NASD Securities Dealers Manual, Schedule D to the By-Laws, Part II, Sections 1 and 2, CCH, ¶¶ 1803–1804.

[4] NASD Securities Dealers Manual, Schedule D to the By-Laws, Part IV, CCH, ¶¶ 18185–1816.

[5] By letter dated December 3, 1992, the NASD withdrew its request for an effective date of

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