a negative balance in any Joint Account for any reason, although each Participant will be permitted to draw down its entire balance at any time. Each Participant's decision to invest in a Joint Account would be solely at its option, and no Participant would be obligated to invest in the Joint Account or to maintain any minimum balance in the Joint Account. In addition, each Participant would retain the sole rights of ownership to any of its assets invested in the Joint Account, including interest payable on such assets invested in the Joint Account.

6. Norwest would administer the investment of cash balances in and operation of the Joint Accounts as part of its general duties under its advisory agreements with Participants and would not collect any additional or separate fees for advising any Joint Account.

7. The administration of the Joint Account would be within the fidelity bond coverage required by section 17(g) of the Act and rule 17g–1 thereunder.

8. The Board of Trustees of each Trust (each a ''Board'') would adopt procedures pursuant to which the Joint Accounts would operate, which will be reasonably designed to provide that the requirements of this application will be met. Each Board will make and approve such changes as they deem necessary to ensure that such procedures are followed. In addition, the Board of each Fund would determine, no less frequently than annually, that the Joint Accounts have been operated in accordance with the proposed procedures and would permit a Fund to continue to participate therein only if it determines that there is a reasonable likelihood that the Fund and its shareholders would benefit from the Fund's participation.

9. Any Short-Term Investments made through the Joint Accounts would satisfy the investment criteria of all Participants in that investment.

10. Each Participant and the Custodian would maintain records (in conformity with Section 31 of the Act and the rules thereunder) documenting for any given day, the Participant's aggregate investment in a Joint Account and the Participant's pro rata share of each Short-Term Investment made through such Joint Account. Each Participant that is not a registered investment company or registered investment adviser would make available to the Commission, upon request, such books and records with respect to its participation in a Joint Account.

11. Short-Term Investments held in a Joint Account generally would not be sold prior to maturity except if: (a) Norwest believes the investment no longer presents minimal credit risks; (b) the investment no longer satisfies the investment criteria of all Participants in the investment because of a downgrading or otherwise; or (c) in the case of a repurchase agreement, the counterparty defaults. Norwest may, however, sell any Short-Term Investment (or any fractional portion thereof) on behalf of some or all Participants prior to the maturity of the investment if the cost of such transactions will be borne solely by the selling Participants and the transaction would not adversely affect other Participants. In no case would a sale prior to maturity of a Short-Term Investment on behalf of less than all Participants be permitted if it would reduce the principal amount or yield to be received by other Participants in the Short-Term Investment or otherwise adversely affect the other Participants. Each Participant of a Joint Account will be deemed to have consented to such sale and partition of the investments in the Joint Account.

12. Short-Term Investments held through a Joint Account with a remaining maturity of more than seven days, as calculated pursuant to rule 2a–7 under the Act, will be considered illiquid and, for any Participant that is an open-end investment company registered under the Act, will be subject to the restriction that the Fund may not invest more than 10%, in the case of a money market fund, and 15%, in the case of a non-money market fund, (or such other percentage as set forth by the SEC from time to time) of its net assets in illiquid securities, if Norwest cannot sell the instrument, or the Fund's fractional interest in such instrument, pursuant to the preceding condition.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–14712 Filed 6–10–96; 8:45 am]

BILLING CODE 8010–01–M

[Release No. 34–37274; File No. SR–PSE–96–08]

Self-Regulatory Organizations; the Pacific Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to Amendments to Exchange Constitution Article III, Section 2(c)

June 4, 1996.

I. Introduction

On March 28, 1996, the Pacific Stock Exchange, Inc. (''PSE'' or ''Exchange'') 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] and Rule 19b–4 thereunder,[2] a proposed rule change to amend Exchange Constitution Article II, Section 2(c).

The proposed rule change was published for comment in Securities Exchange Act Release No. 37083 (April 8, 1996), 61 FR 16515 (April 15, 1996). No comments were received on the proposal.

II. Background

Prior to 1973, the Exchange had no rule in place regarding conflicts of interest on the Board of Governors. In 1973, a simplified version of the current rule was added to the PSE Constitution, which read as follows:

> No two or more Governors for a common or overlapping term may be associated either as partners, stockholders or otherwise in the same member firm or in a partnership or corporation which is affiliated with the same member firm.

In 1983, the rule expanded the definition of associates to include officers and directors,[3] and attempted to define more clearly an ''indirect association'' between Governors, by using two specific tests that are set forth in the current rule.[4] The experience of PSE management and the PSE Board of Governors, however, in interpreting and applying the current rule has been that the language is too cumbersome and specific to achieve the intended purpose of eliminating conflicts. The existing rule limits the Exchange's authority to force a governor off the Board only in limited circumstances.

A task force was created to review the current rule and to examine alternatives that might work better to avoid conflicts on both the Board of Governors and the Exchange committees. The task force consisted of nine members as follows: four Governors (including a public governor, a specialist, an options floor broker and an allied member), two options clearing firm officials, the chairman of the Options Floor Trading Committee, the chairman of the Equity Floor Trading Committee, and the chairman of the Ethics and Business Conduct Committee. The task force concluded that the current language was unnecessarily specific, and therefore was too restrictive on the Board's power

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

[2] 17 CFR 240.19b–4.

[3] See Securities Exchange Act Release No. 19406 (Feb. 17, 1983), 48 FR 8385 (Feb. 28, 1983) (order approving File No. SR–PSE–82–16).

[4] See PSE Const., Art. III, Sec. 2(c).

to determine whether a conflict existed. After review, the task force noted that most of the other exchanges used broad and general language,[5] or no language at all, with the understanding that the boards of each exchange follow the spirit of a general policy of avoiding conflicts of interest. The task force approved the proposed rule, which is intended to provide the PSE Board with more flexibility in determining when a conflict exists and with the authority to take appropriate action when such conflicts arise.

III. Description of Proposal

The PSE, accordingly, proposes to amend its rules to authorize the Exchange to remove a governor from the Board, if no resignation is received, in cases where the Board determines that an affiliation or association between Governors of the Board creates a conflict of interest. Moreover, the proposed rule provides that care shall be taken to have the various interests of the membership represented on the Board of Governors.

The PSE states that the proposal is designed to provide the Exchange with the added flexibility and authority necessary to assure that the Board of Governors is comprised of members representative of the public interests while ensuring that an affiliation or association between two or more governors does not create a conflict of interest.

IV. 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, with the requirements of Section 6(b).[6] In particular, the Commission believes the proposal is consistent with the Section 6(b)(1) requirement that the exchange be organized so as to be able to carry out the purposes of the Act. The proposal also is consistent with the Section 6(b)(3) requirement that the rules of the exchange assure a fair representation of its members in the selection of its directors and administration of its affairs and provides that one or more directors must be representative of issuers and investors and not be associated with a member of the exchange, broker, or dealer. Lastly, the proposal is consistent with the Section 6(b)(5) requirement that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, and, in general, to protect investors and the public interest.

The Commission believes that the PSE's proposal to authorize the Exchange to remove a Governor from the Board, if no resignation is received, when, in the opinion of the Board, an affiliation or association between Governors creates a conflict of interest while ensuring that various interests of the membership are represented on the Board is appropriate and will make the PSE's rules consistent with those that are applicable on other exchanges.

The Commission believes that the current rule prevents the Board from resolving conflicts of interest arising among Governors in certain situations in that it limits the Exchange's authority to force a governor off the Board only in limited circumstances. As a result, the Exchange is precluded from addressing various conflicts of interest that arise from an affiliation or association between Governors of the Board that can result in a lack of independence among the Board of Governors. This situation may affect the Board's ability to effectuate proper oversight of the Exchange's business. In this regard, the Commission supports the PSE's proposal which gives the Exchange the authority to remove a governor from the Board when any conflicts of interest arise due to an affiliation or association between Governors of the Board. The Commission notes that the proposal appropriately gives the Exchange the requisite authority to promote and ensure the independence of the Board of Governors, which should result in a more impartial decision making process.

The Commission also believes that a diversified Board, which no single membership group could dominate, would better represent the interests of all of the PSE's constituencies. Towards this end, the PSE proposal appropriately promotes and ensures the diversity of Board representation among the different categories of member firms and the public in that it requires the Exchange to exhibit care to have various interests of the membership represented on the Board of Governors.

Finally, the Commission believes that the PSE proposal promotes a Board of Governors representative of various independent interests that would be more likely to enforce the rules of the Act and of the Exchange.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[7] that the proposed rule change (SR–PSE–96–08) is approved.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–14711 Filed 6–10–96; 8:45 am]

BILLING CODE 8010–01–M

[5] See Amex Const. Art. 3, Para. 9022; CBOE Const. Art. 4, para. 1033.

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

[7] 15 U.S.C. 78s(b)(2).

[8] 17 CFR 200.30–3(a)(12).

STATE JUSTICE INSTITUTE

Sunshine Act Meeting

TIME AND DATE:
Friday, June 14, 1996, 9 a.m.–5 p.m.
Saturday, June 15, 1996, 9 a.m.–1 p.m.

PLACE: State Justice Institute, 1650 King Street, Suite 600, Alexandria, VA 22314.

MATTERS TO BE CONSIDERED: FY 1996 grant requests and internal Institute business.

PORTIONS OPEN TO THE PUBLIC: All matters other than those noted as closed below.

PORTIONS CLOSED TO THE PUBLIC: Internal personnel matters; Board committee meetings.

CONTACT PERSON FOR MORE INFORMATION: David I. Tevelin, Executive Director, State Justice Institute, 1650 King Street, Suite 600, Alexandria, VA 22314, (703) 684–6100.

[FR Doc. 96–14890 Filed 6–7–96; 12:48 pm]

BILLING CODE 6820–SC–M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

Aviation Rulemaking Advisory Committee Meeting on Airport Certification Issues

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of meeting.

SUMMARY: The FAA is issuing this notice to advise the public of a meeting of the Federal Aviation Administration Aviation Rulemaking Advisory Committee to discuss airport certification issues.

DATES: The meeting will be held on June 27, 1996, at 10:00 a.m. Arrange for oral presentations by June 17, 1996.

ADDRESSES: The meeting will be held at the Airports Council International—North American Region, Suite 500, 1775 K Street NW., Washington, DC 20006–1502.

FOR FURTHER INFORMATION CONTACT: Ms. Marisa Mullen, Federal Aviation Administration, Office of Rulemaking