

Portfolios from unexpected large redemptions.

7. Section 17(a) makes it unlawful for an affiliated person of a registered investment company to sell securities to, or purchase securities from, the company. The Funds and the Underlying Portfolios may be considered affiliated persons because they share a common adviser. Thus, purchases or sales of securities between a Fund and an Underlying Portfolio may be prohibited by section 17(a).

8. Section 17(b) provides that the SEC shall exempt a proposed transaction from section 17(a) if evidence establishes that: (a) The terms of the proposed transaction are reasonable and fair and do not involve overreaching; (b) the proposed transaction is consistent with the policies of the registered investment company concerned; and (c) the proposed transaction is consistent with the general provisions of the Act. Applicants request an exemption under sections 6(c) and 17(b) to permit the Funds to purchase shares of an Underlying Portfolio, and an Underlying Portfolio to redeem such shares.¹ Applicants believe that the proposed transactions meet the standards of sections 6(c) and 17(b).

Applicants' Conditions

Applicants expressly consent to the imposition of the following conditions in connection with this request for exemptive relief:

1. The Funds and each Underlying Portfolio will be part of the same "group of investment companies," as defined in rule 11a-3 under the Act.

2. No Underlying Portfolio will acquire securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act.

3. A majority of the directors of the Funds will not be "interested persons," as defined in section 2(a)(19) of the Act.

4. Any sales-related charges or service fees relating to the shares of the Funds, when aggregated with any charges or service fees paid by the Funds with respect to the securities of the Underlying Portfolio, will not exceed the limits set forth in Article III, section 26, of the NASD's Rules of Fair Practice.

5. Before approving any advisory contract under section 15 of the Act, the board of directors of the Funds, including a majority of the directors who are not "interested persons," as

defined in section 2(a)(19), will find that the advisory fees charged under the contract are based on services provided that are in addition to, rather than duplicative of, services provided under any Underlying Portfolio advisory contract. This finding, and the basis upon which the finding was made, will be recorded fully in the minute books of the Funds.

6. Applicants agree to provide the following information, in an electronic format, to the Chief Financial Analyst of the SEC's Division of Investment Management: monthly average total assets for the Funds and Underlying Portfolios; monthly purchases and redemptions (other than by exchange) for the Funds and each Underlying Portfolio; monthly exchanges into and out of the Funds and each Underlying Portfolio; month-end allocations of the Funds' assets among the Underlying Portfolios; annual expense ratios for the Funds and each Underlying Portfolio; and a description of any vote taken by the shareholders of any Underlying Portfolio, including a statement of the percentage of votes cast for and against the proposal by the Funds and by the other shareholders of the Underlying Portfolio. The information will be provided as soon as reasonably practicable following each fiscal year-end of the Funds (unless the Chief Financial Analyst notifies applicants in writing that the information need no longer be submitted).

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,
Deputy Secretary.

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Agency Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following meeting during the week of July 1, 1996.

A closed meeting will be held on Tuesday, July 2, 1996, at 10:00 a.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(4), (8), (9)(A) and (10) and 17 CFR 200.402(a)(4), (8), (9)(i) and

(10), permit consideration of the scheduled matters at the closed meeting.

Commissioner Johnson, as duty officer, voted to consider the items listed for the closed meeting in a closed session.

The subject matter of the closed meeting scheduled for Tuesday, July 2, 1996, at 10:00 a.m., will be:

Institution and settlement of administrative proceedings of an enforcement nature.

Institution of injunctive actions.

Settlement of injunctive action.

Opinion.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact: The Office of the Secretary at (202) 942-7070.

Dated: June 25, 1996.

Jonathan G. Katz,
Secretary.

[FR Doc. 96-16675 Filed 6-26-96; 12:57 pm]

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[Release No. 34-37356; File No. SR-Amex-96-21]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the American Stock Exchange, Inc. Relating to Dissemination of Indications in Connection With Circuit Breaker Trading Halts Under Rule 117

June 24, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 17, 1996, the American Stock Exchange, Inc. ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") 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 Amex proposes to implement guidelines for dissemination of indications to the consolidated tape in connection with the resumption of trading following a "circuit breaker" trading halt pursuant to the Amex's Rule 117.³

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Commission notes that Rule 117—the Exchange's "circuit breaker" rule—provides that

¹ Section 17(b) applies to specific proposed transactions, rather than an ongoing series of future transactions. See *Keystone Custodian Funds*, 21 S.E.C. 295, 298-99 (1945). Section 6(c) frequently is used to grant relief from section 17(a) to permit an ongoing series of future transactions.

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

The Exchange proposes to implement guidelines for the mandatory dissemination of indications to the consolidated tape in connection with the resumption of trading following a circuit breaker halt pursuant to its Rule 117. The purposes of the proposed criteria is to provide guidance to the Exchange's specialists as to the specific circumstances under which they are required to disseminate indications if a significant decline in the price of a stock from the previous last sale on the Exchange is anticipated when trading resumes following a circuit breaker halt.

The Exchange proposes to implement the following guidelines:

- Dissemination of an indication shall be mandatory prior to the reopening of trading if such reopening will result in a price change constituting the lesser of 10% or three points from the last sale reported on the Amex, or five points if the previous reported last sale is \$100 or higher. No indications would be

trading in securities on the Exchange shall halt (a "Rule 117 halt") and not reopen for one hour if the Dow Jones Industrial Average ("DJIA") falls 250 points or more below its closing value on the previous trading day. The rule provides further that trading on the Exchange shall halt for two hours if the DJIA falls 400 points or more on that same day. Rule 117 was approved by the Commission on a pilot basis on October 19, 1988 and has been extended annually since then. See Securities Exchange Act Release No. 36414 (Oct. 25, 1995), 60 FR 55630 (Nov. 1, 1995) (Commission's most recent order extending temporary approval of Rule 117).

The Amex has filed a proposal to amend Rule 117 to reduce from one hour to thirty minutes the time period during which trading is halted due to a decline in the DJIA of 250 points below its closing value on the previous trading day, and to reduce from two hours to one hour the time period for a halt due to a 400 points decline in the DJIA. See Securities Exchange Act Release No. 37146 (April 26, 1996), 61 FR 19650 May 2, 1996). The Commission has not yet completed its review of this proposed amendment.

required if the price change is less than one point.

- If, on any day that a Rule 117 halt is in effect, trading in a security has not reopened by one-half hour after the resumption of trading on the Exchange, the matter should be treated as a delayed opening, and would require an indication as well as a Floor Official's supervision.

The Exchange has existing procedures which require dissemination of indications prior to delayed openings and reopenings following regulatory or non-regulatory halts in individual securities. The Exchange will continue to require dissemination of indications in those situations.⁴

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5) that an exchange have rules that are 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 to, and facilitating transactions in securities, to remove impediments to protect and perfect the mechanism of a free and open market and a national market system, and in general, to protect investors and the public interest.

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

The Exchange does not believe that the proposed rule change will impose any inappropriate 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 either solicited or received.

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 longer 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:

⁴ The Exchange notes that the proposed criteria are identical to those currently in place at the New York Stock Exchange ("NYSE") in connection with circuit breaker halts under NYSE Rule 80B. See Securities Exchange Act Release No. 26419 (January 5, 1989), 54 FR 1041 (January 11, 1989).

(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, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. § 552, will be available for inspection and copying at the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the Amex. All submissions should refer to File No. SR-Amex-96-21 and should be submitted by July 19, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,
Deputy Secretary.

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[Release No. 34-37349; File No. SR-CBOE-96-38]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Incorporated Relating to the Definition of Expiration Month for Purposes of Determining Log-On Obligations for RAES in SPX Options

June 21, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on June 20, 1996, the Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and

⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1) (1988).