by a majority of the voting securities of the investment company. Section 15(a) further requires that the written contract provide for automatic termination in the event of its assignment. Section 2(a)(4) of the Act defines ''assignment'' to include any direct or indirect transfer of a contract by the assignor or of a controlling block of the assignor's outstanding voting securities by a security holder of the assignor. The Stock Purchase will result in an ''assignment'' within the meaning of section 2(a)(4) of the Existing Sub-Advisory Agreements, terminating each such agreement according to its terms.

3. Rule 15a–4 provides, in relevant part, that if an investment adviser's investment advisory contract with an investment company is terminated by assignment, the adviser may continue to act as such for 120 days at the previous compensation rate if a new contract is approved by the board of directors of the investment company and if neither the investment adviser nor a controlling person thereof directly or indirectly receives money or other benefit in connection with the assignment. In the case of the Quantitative Funds, applicants cannot rely on rule 15a–4 because of the benefits to the Stockholders arising from the Stock Purchase. In the case of the One Group Fund, the applicants cannot rely on rule 15a–4 because of the increase in fees payable to BIA under the New Sub-Advisory Agreement.

4. Applicants state that a proxy solicitation to the shareholders of the Funds is a complicated and time-consuming task. The task will include the preparation, clearance, and mailing of proxy materials, and the solicitation efforts required to obtain the requisite votes. Because of the complexity of the proxy solicitation and the fact that the Funds have not had sufficient advance notice of the Stock Purchase, applicants state that it will not be possible for the Funds to obtain shareholder approval of the New Sub-Advisory Agreements in accordance with section 15(a) of the Act prior to the Closing.

5. Applicants submit that to deprive BIA of sub-advisory fees during the Interim Period for no reason other than the fact that the Closing will result in an assignment of the Existing Sub-Advisory Agreements would be an unduly harsh and unreasonable penalty and would serve no useful purpose. Applicants represent that the best interests of the Funds' shareholders would be served if BIA receives fees for services during the Interim Period as provided herein. These fees are an important part of BIA's total revenue and are important to maintaining its ability to provide services to the Funds.

6. Section 6(c) of the Act provides that the SEC may exempt any person, security, or transaction from any provision of the Act, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. For the reasons stated above, applicants believe that the requested relief meets this standard.

Applicants' Conditions

Applicants agree as conditions to the issuance of the exemptive order requested by this application that:

1. The New Sub-Advisory Agreements will have the same terms and conditions as the Existing Sub-Advisory Agreements, except in each case for the dates of execution and termination, the inclusion of escrow arrangements, and the inclusion of BIA's new name, and in the case of the New Sub-Advisory Agreement for One Group, the new fee arrangement (which will not be effective until shareholder approval).

2. That portion of each Advisors' fee earned by BIA during the Interim Period will be maintained in an interest-bearing escrow account, and amounts in the account (including interest earned on such amounts) will be paid (a) to BIA in accordance with the New Sub-Advisory Agreement, only upon approval of the respective Fund's shareholders, or (b) in the absence of such approval prior to the expiration of the Interim Period, to the respective Fund.

3. The Funds will hold meetings of shareholders to vote on approval of the New Sub-Advisory Agreements on or before the earlier of the 120th day following the termination of the Existing Sub-Advisory Agreements or March 1, 1997.

4. BIA and IIA will bear the costs of preparing and filing this application and the costs relating to the preparation of proxy materials for the solicitation of shareholder approval from the Quantitative Funds' shareholders of the Quantitative Funds' New Sub-Advisory Agreements. BIA and IIA also will bear 50% of the costs relating to the preparation of proxy materials for the solicitation of shareholder approval from the One Group Fund's shareholders of the One Group Fund's New Sub-Advisory Agreement. The other 50% of the costs of solicitation will be borne by Banc One.

5. BIA will take all appropriate actions to ensure that the scope and quality of sub-advisory and other services provided to the Funds by BIA during the Interim Period will be at least equivalent, in the judgment of the respective Board, including a majority of the non-interested Board members, to the scope and quality of services previously provided. In the event of any material change in personnel providing material services pursuant to the New Sub-Advisory Agreements, BIA will apprise and consult with the Board of the affected Fund or Funds to assure that they, including a majority of the non-interested Board members, are satisfied that the services provided will not be diminished in scope or quality.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–22226 Filed 8–29–96; 8:45 am]

BILLING CODE 8010–01–M

[Release No. IC–22169; 812–10210]

Van Kampen American Capital Equity Opportunity Trust, et al.; Notice of Application

August 23, 1996.

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

ACTION: Notice of Application for Exemption under the Investment Company Act of 1940 (the ''Act'').

APPLICANTS: Van Kampen American Capital Equity Opportunity Trust (the ''Trust''), Series 25 and subsequent series, and Van Kampen American Capital Distributors, Inc. (''Van Kampen American'' or the ''Sponsor'').

RELEVANT ACT SECTIONS: Order requested under sections 6(c) and 17(b) of the Act for an exemption from section 17(a) of the Act.

SUMMARY OF APPLICATION: Applicants request an order to permit a terminating series of the Trust, a unit investment trust, to sell portfolio securities to a new series of the Trust.

FILING DATE: The application was filed on June 18, 1996.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on September 17, 1996 and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature

of the writer's request, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, One Parkview Plaza, Oakbrook Terrace, IL 60181.

FOR FURTHER INFORMATION CONTACT: Christine Y. Greenlees, Senior Counsel, (202) 942–0581, or Elizabeth G. Osterman, Assistant Director, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

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

Applicants' Representations

1. The Trust, a unit investment trust registered under the Act, will consist of a series of unit investment trusts (each a ''Trust Series'' or ''Series''). Each Trust Series will be similar but separate and designated by a different series number. Van Kampen American is the Sponsor for each Trust Series.

2. Each Trust Series will contain a portfolio of common stocks of aggressive growth companies. The investment objective of each Trust Series is to seek capital appreciation. Currently, Van Kampen American Capital Equity Opportunity Trust, Series 25 consists of one underlying unit investment trust, the Aggressive Growth Series, Internet Trust 1, which invests in actively traded equity securities issued by aggressive growth companies engaged in either the enabling technology or communication services areas of the Internet.

3. Applicants anticipate that many, if not all, of the portfolio securities in each Trust Series will be actively traded (*i.e.*, have had an average daily trading volume in the preceding six months of at least 500 shares and equal in value to at least 25,000 United States dollars) on (a) an exchange (an ''Exchange'') which is either a national securities exchange which meets the qualifications of section 6 of the Securities Exchange Act of 1934 or a foreign securities exchange that meets the qualifications set forth in the proposed amendment to rule 12d3–1(d) (6) under the Act, as proposed by the SEC,[1] and that releases daily closing prices, or (b) the Nasdaq-National Market System (''Nasdaq-NMS'') (the securities meeting the foregoing tests are referred to herein as ''Equity Securities''). For example, all of the portfolio securities in the Internet Trust 1 are listed on a national securities exchange or the Nasdaq-NMS.

4. Each Trust Series will terminate on a date after a specified period, generally one year. The Sponsor intends that, as each Trust Series terminates, a new Trust Series (''New Trust Series'') containing a portfolio of common stocks of aggressive growth companies with an investment objective of capital appreciation will be offered for the next period.

5. Each Trust Series has or will have a contemplated date (the ''Rollover Date'') on which holders of units in that Trust Series (the ''Rollover Trust Series'') may at their option redeem their units in the Rollover Trust Series and receive in return units of a New Trust Series, which will be created on or about the Rollover Date.

6. Applicants anticipate that there will be some overlap from one year to the next in the aggressive growth stocks selected for each Trust Series and, therefore, between the portfolios of each Rollover Trust Series and the related New Trust Series. In connection with its termination, absent relief, each Rollover Trust Series would sell all of its securities on the applicable Exchange or Nasdaq-NMS as quickly as practicable, but over a period of time so as to minimize any adverse impact on the market price. Likewise, a New Trust Series would acquire its securities in purchase transactions on the applicable Exchange or on Nasdaq-NMS. This procedure would result in brokerage commissions on securities of the same issue that are borne by the holders of units of both the Rollover Trust Series and the New Trust Series. Applicants therefore request an exemptive order to permit any Rollover Trust Series to sell Equity Securities to a New Trust Series and a New Trust Series to purchase such securities.

7. In order to minimize overreaching, the Sponsor will certify to the trustee of the relevant Trust Series, within five days of each sale from a Rollover Trust Series to a New Trust Series, (a) That the transaction is consistent with the policy of both the Rollover Trust and the New Trust Series, as recited in their respective registration statements and reports filed under the Act, (b) the date of such transaction, and (c) the closing sales price on the Exchange or on Nasdaq-NMS for the sale date of the securities subject to such sale. The trustee will then countersign the certificate, unless, in the unlikely event that the trustee disagrees with the closing sales price listed on the certificate, the trustee immediately informs the Sponsor orally of any such disagreement and returns the certificate within five days to the Sponsor with corrections duly noted. Upon the Sponsor's receipt of a corrected certificate, if the Sponsor can verify the correct price by reference to an independently published list of closing sales prices for the date of the transaction, the Sponsor will ensure that the price of units of the New Trust Series, and distributions to holders of the Rollover Trust Series with regard to redemption of their units or termination of the Rollover Trust Series, accurately reflect the corrected price. To the extent that the Sponsor disagrees with the trustee's corrected price, the Sponsor and the trustee will jointly determine the correct sales price by reference to a mutually agreeable, independently published list of closing sales prices for the date of the transaction.

Applicants' Legal Analysis

1. Section 17(a) of the Act makes it unlawful for an affiliated person of a registered investment company to sell securities to, or purchase securities from, the company. Each Trust Series will have an identical or common Sponsor, Van Kampen American. Since the Sponsor of each Trust may be considered to control each Trust Series, it is likely that each Trust Series would be considered an affiliate of the others.

2. 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 involved; and (c) the proposed transaction is consistent with the general provisions of the Act. Under section 6(c), the SEC may exempt classes of transactions if, and to the extent that, such exemption is necessary or appropriate in the public interest, and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Applicants believe that the proposed transactions satisfy the

[1] Investment Company Act Release No. 17096 (Aug. 3, 1989) (proposing amendments to rule 12d3–1). The proposed amended rule defined a ''Qualified Foreign Exchange'' to mean a stock exchange in a country other than the United States where: (1) trading generally occurred at least four days a week; (2) there were limited restrictions on the ability of registered investment companies to trade their holdings on the exchange; (3) the exchange had a trading volume in stocks for the previous year of at least U.S. $7.5 billion; and (4) the exchange had a turnover ratio for the preceding year of at least 20% of its market capitalization. The version of the amended rule that was adopted did not include the part of the proposed amendment defining the term ''Qualified Foreign Exchange.''

requirements of sections 6(c) and 17(b).[2]

3. Rule 17a–7 under the Act permits registration investment companies that might be deemed affiliates solely by reason of common investment advisers, directors, and/or officers, to purchase securities from, or sell securities to, one another at an independently determined price, provided certain conditions are met. Paragraph (e) of the rule requires an investment company's board of directors to adopt and monitor the procedures for these transactions to assure compliance with the rule. A unit investment trust does not have a board of directors and, therefore, may not rely on the rule. Applicants represent that they will comply with all of the provisions of rule 17a–7, other than paragraph (e).

4. Applicants represent that purchases and sales between Trust Series will be consistent with the policy of each Trust Series, as only securities that otherwise would be bought and sold on the open market pursuant to the policy of each Trust Series will be involved in the proposed transactions. Applicants further believe that the current practice of buying and selling on the open market leads to unnecessary brokerage fees and is therefore contrary to the general purposes of the Act.

5. Applicants state that the condition that the securities must be actively traded on an Exchange or the Nasdaq-NMS protects against overreaching. This condition ensures that there will be current market prices available and thus, an independent basis for determining that the terms of the transaction are fair and reasonable. In addition, applicants note that, as a condition to the requested relief, the Trustee will review the procedures relating to the purchase and sale of Equity Securities. Furthermore, the Sponsor must certify to the Trustee that a transaction is consistent with the policy of both the Rollover Trust Series and New Trust Series, as set forth in their respective registration statements and reports filed under the Act. Lastly, the portfolio companies held in a Trust Series are described in the Trust Series' prospectus for investors to review. In light of these procedures, applicants believe that they satisfy the standards of sections 6(c) and 17(b), and thus, an exemption from section 17(a) is warranted.

[2] Section 17(b) applies to a specific proposed transaction, 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, along with section 17(b), to grant relief from section 17(a) to permit an ongoing series of future transactions.

Applicants' Conditions

Applicants agree that the order granting the requested relief shall be subject to the following conditions:

1. Each sale of Equity Securities by a Rollover Trust Series to a New Trust Series will be effected at the closing price of the securities sold on the applicable Exchange or the Nasdaq-NMS on the sale date, without any brokerage charges or other remuneration except customary transfer fees, if any.

2. The nature and conditions of such transactions will be fully disclosed to investors in the appropriate prospectus of each future Rollover Trust Series and New Trust Series.

3. The Trustee of each Rollover Trust Series and New Trust Series will (a) review the procedures discussed in the application relating to the sale of Equity Securities from a Rollover Trust Series to a New Trust Series and the purchase of those securities for deposit in a New Trust Series, and (b) make such changes to the procedures as the trustee deems necessary that are reasonably designed to comply with paragraphs (a) through (d) of rule 17a–7.

4. A written copy of these procedures and a written record of each transaction pursuant to the order will be maintained as provided in rule 17a–7(f).

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–22230 Filed 8–29–96; 8:45 am]

BILLING CODE 8010–01–M

Issuer Delisting; Notice of Application to Withdraw from Listing and Registration; (The Vermont Teddy Bear Co., Inc., Common Stock, $0.05 Par Value) File No. 1–12580

August 26, 1996.

The Vermont Teddy Bear Co., Inc. (''Company'') has filed an application with the Securities and Exchange Commission (''Commission''), pursuant to Section 12(d) of the Securities Exchange Act of 1934 (''Act'') and Rule 12d2–2(d) promulgated thereunder, to withdraw the above specified security (''Security'') from listing and registration on the Pacific Stock Exchange, Inc. (''PSE'').

The reasons alleged in the application for withdrawing the Security from listing and registration include the following:

In making the decision to withdraw the Security from listing on the PSE, the Company considered the direct and indirect costs and expenses attendant on maintaining the dual listing of the Security on the Nasdaq National Market System and on the PSE. The Company does not see any particular advantage in the dual trading of the Securities and believes that the volume of trading of its securities on the PSE is severely low.

Any interested person may, on or before September 17, 1996, submit by letter to the Secretary of the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, facts bearing upon whether the application has been made in accordance with the rules of the exchanges and what terms, if any, should be imposed by the Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application after the date mentioned above, unless the Commission determines to order a hearing on the matter.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 96–22231 Filed 8–29–96; 8:45 am]

BILLING CODE 8010–01–M

[Release No. 34–37605; File No. SR–NYSE–96–23]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the New York Stock Exchange, Inc. Relating to Restrictions on Exercise of Options on the New York Stock Exchange Composite Stock Index

August 26, 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 August 8, 1996, the New York Stock Exchange, Inc. (''NYSE'' 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 Exchange proposes to issue an interpretation of Exchange Rule 709 (Other Restrictions on Exchange Option Transactions and Exercises) that clarifies that members and member organizations may only exercise options