

contracts for a Lincoln Life Contract, and a participant under a UNUM NY Contract who opts-in or is deemed to have opted-in to the Reinsurance Transactions, in effect, will be exchanging his or her interest in a UNUM NY Contract for a Lincoln Life of NY Contract. Likewise, Applicants submit, the participant under a First UNUM Contract or a First UNUM Coinsured Contract who opt-in or is deemed to have opted-in to the Reinsurance Transactions, in effect, will be exchanging his or her interest in a First UNUM Contract or a First UNUM Coinsured Contract for an interest in a Lincoln Life of NY Contract. Applicants state that the granting of a right to make an election to opt-in or opt-out of the Reinsurance Transactions may be considered an offer to exchange securities of one unit investment trust for another unit investment trust, for purposes of Section 11 of the 1940 Act.

13. Applicants represent that the terms of the exchange offers proposed herein do not involve any of the practices Section 11 of the 1940 Act was designed to prevent, and are fair to Contractholders and participants, because: (i) participants will be fully apprised of their rights in connection with the exchange offers and will receive definitive prospectuses for the relevant Lincoln Life Contract or Lincoln Life of NY Contract; (ii) no charges will be imposed in connection with effecting the exchanges and, therefore, the exchanges will be made on the basis of the relative net asset value; (iii) participants who opt-in to the Reinsurance Transactions will have their interests assumptively reinsured under a materially similar Lincoln Life Contract or Lincoln Life of NY Contract with an identical sales charge structure; (iv) when appropriate, participants under a UNUM Contract or First UNUM Contract will receive credit for the time invested in such contract for purposes of determining any applicable sales charge under the corresponding Lincoln Life Contract or Lincoln Life of NY Contract; (v) the same underlying funds will be available upon reinsurance and, thus, there will be no interruption in the underlying funds serving as an investment media for the contracts; and (vi) participants who do not wish to accept the assumption reinsurance by Lincoln Life or Lincoln Life of NY may elect to opt-out of the Reinsurance Transactions, and their existing contractual rights under the UNUM Contract or First UNUM Contract will remain unchanged. Applicants also assert that there will be no adverse tax consequences to Contractholders and

participants as a result of the assumption reinsurance of their contracts or the exercise of any opt-out rights in connection with the proposed exchange offers.

14. Applicants submit that if, through common ownership, UNUM were affiliated with Lincoln Life and UNUM and First UNUM were affiliated with Lincoln Life of NY, Rule 11a-2 would permit the proposed exchange offers to be made without the prior approval of the Commission. Applicants submit that the proposed exchange offers between non-affiliates—which would be permitted under Rule 11a-2 if the companies were affiliated—should not be held to a more stringent standard than Rule 11a-2.

Conclusion

For the reasons set forth above, Applicants represent that the requested exemptions satisfy the standards of Section 17(b) of the 1940 Act, and that the terms of the proposed exchange offers satisfy the standards of Section 11 of the 1940 Act. Applicants, therefore, request that the Commission issue an order granting the requested exemptions and approving the proposed exchange offers.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-22626 Filed 9-4-96; 8:45 am]

BILLING CODE 8010-01-M

Sunshine Act Meeting

Agency Meeting

"FEDERAL REGISTER" CITATION OF PREVIOUS ANNOUNCEMENT: [To be Published].

STATUS: Closed Meeting.

PLACE: 450 Fifth Street, N.W., Washington, D.C.

DATE PREVIOUSLY ANNOUNCED: To be Published.

CHANGE IN THE MEETING: Cancellation.

The closed meeting scheduled for Thursday, September 5, 1996, at 10:00 a.m., has been cancelled.

Commissioner Hunt, as duty officer, determined that Commission business required the above change and that no earlier notice thereof was possible.

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 (202) 942-7070.

Dated: August 30, 1996.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-22722 Filed 8-30-96; 4:25 pm]

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[Release No. 34-37621; File No. SR-CBOE-96-49]

Self-Regulatory Organizations; Order Approving Proposed Rule Change by Chicago Board Options Exchange, Incorporated Relating to Permitting Additional Submissions Following Respondent's Petition for Review

August 29, 1996.

On July 23, 1996, the Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder.² The proposed rule change amends Exchange Rule 17.10 which governs the review of Business Conduct Committee ("BCC") decisions by the Exchange's Board of Directors ("Board"). Notice of the proposed rule change, together with the substance of the proposal, was issued by Commission release (Securities Exchange Act Release No. 37473, July 23, 1996) and by publication in the Federal Register (61 FR 39685, July 30, 1996).³ No comment letters were received. The Commission is approving the proposed rule change.

I. Background

The purpose of the proposed change to Exchange Rule 17.10 is to formalize the current practice whereby the Board has permitted one additional submission by both Exchange staff and Respondent following Respondent's petition for review. Presently, the Rule does not provide for any subsequent submissions following a Respondent's appeal of a BCC decision to the Board.

II. The Terms of Substance of the Proposed Rule Change

The proposed rule change provides that, after a Respondent appeals a BCC decision to the Board, Exchange staff may submit a written response to which the Respondent may submit a reply. The proposed rule change requires the

¹ 15 U.S.C. § 78s(b)(1) (1988).

² 17 CFR 240.19b-4.

³ The proposed rule change was originally filed with the Commission on July 11, 1996. The CBOE subsequently submitted Amendment No. 1 to the filing. Letter from Michael L. Meyer, Schiff, Hardin & Waite, to Katherine England, Assistant Director, Division of Market Regulation, SEC, dated July 19, 1996.

Exchange staff's response to be filed within 15 days of the date the Respondent's request for review is filed with the Secretary of the Exchange and the Respondent's reply to be filed within 15 days of service of staff's response. In addition, the proposed rule change clarifies that the Respondent's petition for review and Respondent's reply should be filed with the Secretary of the Exchange and the Exchange's Office of Enforcement.

III. Discussion

The Commission believes the proposed rule change is consistent with Section 6 of the Act, in general, and Section 6(b)(7) in particular in that it provides a fair procedure for the disciplining of members and persons associated with members. The Commission believes the proposed rule change will make the review process more fair and efficient by formalizing the current appeal practice to ensure that both parties have the opportunity to make an additional submission to the Board and by clarifying with which office of the Exchange the petition for review should be filed. The proposed rule change will ensure a more fair and thorough process because each party will have an opportunity to clarify its position to the Board on the specific issues of contention addressed in the petition for review. As is the case under the current rules, the proposed rule change will ensure that the Respondent ordinarily will have the opportunity to make the final submission to the Board. In addition, the proposed rule change will reduce the amount of time the Board spends on administrative matters by eliminating the need for the staff to request approval before the submission of each response.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change, SR-CBOE-96-49 be, and hereby is, approved.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-22629 Filed 9-4-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37617; File No. SR-DTC-96-14]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Order Granting Accelerated Permanent Approval of a Proposed Rule Change Relating to Procedures for Inter-Depository Deliveries

August 29, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on August 11, 1996, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-DTC-96-14) as described in Items I and II below, which items have been prepared primarily by DTC. The Commission is publishing this notice and order to solicit comments from interested persons and to grant permanent approval of the proposed rule change on an accelerated basis.

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

The proposed rule change seeks permanent approval of DTC's existing procedures for deliveries through the interface between DTC and the Philadelphia Depository Trust Company ("Philadep"). The Commission previously granted temporary approval to a proposed rule change establishing DTC's procedures for inter-depository deliveries as part of the conversion of DTC's money settlement system to an entirely same-day funds settlement system.²

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

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

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The proposed rule change seeks permanent approval of the procedures for deliveries through the interface between DTC and Philadep. The Commission previously granted temporary approval of the inter-depository delivery procedures to allow DTC to implement the procedure so it could monitor and report to the Commission the number of inter-depository reversals of deliveries that caused a DTC participant's net debit cap to be exceeded.

When processing a participant's delivery to Philadep, DTC employs an immediate update technique whereby the delivering participant's security position, collateral, and settlement account are immediately updated if the delivering participant has sufficient securities and collateral to allow the delivery to be completed. The delivering participant's position is reduced by the quantity of securities delivered, its settlement account is credited for the settlement value of the transaction, and its collateral monitor is increased by the settlement credit incurred and is reduced by the collateral value of the securities delivered (provided the securities being delivered are part of the participant's collateral position).

Once the delivery satisfies risk management controls and completes at DTC (i.e., the participant has sufficient securities to make the delivery and the participant's collateral monitor will not become negative because of the delivery), DTC sends the delivery to Philadep where it is subject to Philadep's internal risk management controls. In certain instances, Philadep's internal risk management controls will prevent a delivery from completing (e.g., the receiving participant does not have sufficient collateral or the receipt would cause the participant to exceed its net debit cap) and will cause the delivery to pend in Philadep's system. At the end of each processing day, Philadep returns to DTC delivery orders that fail to complete in Philadep's system, and DTC reverses the deliveries to the original delivering participants.

Reversals from Philadep are processed at DTC until approximately 3:37 P.M. DTC's reversals are not subject to its Receiver-Authorized Delivery ("RAD") processing⁴ or other risk management

¹ 15 U.S.C. § 78s(b)(1) (1988).

² Securities Exchange Act Release No. 36861 (February 20, 1996), 61 FR 287 [File No. SR-DTC-95-21] (order granting temporary approval of a proposed rule change on a temporary basis through August 31, 1996).

³ The Commission has modified the text of the summaries submitted by DTC.

⁴ RAD allows a participant to review and either approve or cancel incoming deliveries before they are processed in DTC's system. For a further discussion of DTC's RAD procedures, refer to