SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 22705; 811–5737]

American Government Term Trust Inc.; Notice of Application

June 12, 1997.

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

ACTION: Notice of application for deregistration under the Investment Company Act of 1940 (the ''Act'').

APPLICANT: American Government Term Trust Inc.

RELEVANT ACT SECTION: Section 8(f).

SUMMARY OF APPLICATION: Applicant requests an order declaring that it has ceased to be an investment company.

FILING DATES: The application was filed on March 18, 1997, and an amendment thereto on June 3, 1997.

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 applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on July 7, 1997, and should be accompanied by proof of service on the applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, 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. Applicant, 222 South Ninth Street, Piper Jaffray Tower, Minneapolis, Minnesota 55402.

FOR FURTHER INFORMATION CONTACT: Diane L. Titus, Paralegal Specialist, at (202) 942–0584, 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 from the SEC's Public Reference Branch.

Applicant's Representations

1. Applicant is a closed-end diversified management investment company, organized under the laws of the State of Minnesota. On December 7, 1988, applicant filed a notification or registration on Form N–8A under section 8(a) of the Act. On the same date, applicant filed a registration statement on Form N–2 under section 8(b) of the Act and under the Securities Act of 1933. Applicant's registration statement was declared effective on January 19, 1989, and the initial public offering commenced on that date.

2. At a meeting held August 18, 1995, applicant's board of directors considered a written report of the Adviser recommending the liquidation and dissolution of applicant and approved the Adviser's recommendation. The Adviser determined that applicant would not be able to meets its investment objective of reaching $10 per share on August 31, 2001. The Adviser researched alternatives to liquidation including (a) changing investment policies, (b) reducing applicant's dividends, and (c) converting to an open-end investment company. In the Adviser's opinion, the first alternative would significantly increase the risk in applicant's portfolio; the second alternative would most likely still not attain the $10 per share objective; and the third alternative would transform applicant into a significantly different investment vehicle than originally selected by shareholders. The board determined that it would not be in the best interests of shareholders to pursue any of these alternatives and the alternatives to liquidation did not afford shareholders sufficient promise of additional value to justify pursuing the alternatives. The board noted that liquidation and dissolution would permit shareholders to receive the net asset value underlying their shares, rather than the discounted market price that they would be able to receive upon a sale of those shares in the open market, and to invest that amount in investment vehicles of their own choice.

3. At a meeting held on October 9, 1995, applicant's board of directors approved the terms of the Plan of Liquidation and Dissolution (the ''Plan''). A Proxy Statement for a special meeting of shareholders was filed with the SEC and mailed to applicant's shareholders on or about November 1, 1997. Applicant's shareholders approved the Plan at a meeting held on December 7, 1995.

4. On December 21, 1995, applicant paid shareholders a liquidating distribution. As of that date, applicant had 8,005,700 shares of common stock outstanding with an aggregate net asset value of $71,401,807 and per share net asset value of $8.91887.

5. In connection with its liquidation and dissolution, applicant incurred approximately $53,073 in expenses. Expenses of liquidation, other than taxes, were paid by applicant's investment adviser. No brokerage commissions were paid in connection with the liquidation, because the portfolio securities consisted of U.S. Treasury securities.

6. Applicant's transfer agent, Investors Fiduciary Trust Company, has established a non-interest bearing bank account for security holders who have not surrendered their share certificates for payment. As of March 2, 1997, applicant had 17 security holder accounts totalling 9,045,856 shares at a value of approximately $80,643. The transfer agent will continue to mail letters to these accounts until they submit their certificates or other requested information so that payment can be made. The address and identity of the security holders is not in question.

7. Applicant is a party to litigation, however, Piper Jaffray Companies Inc. (''Piper'') and Piper Capital Management Incorporated (''Piper Capital'') have agreed, pursuant to an Assumption Agreement between and among Piper, Piper Capital, and applicant, to assume all liabilities of applicant in connection with the lawsuit.

8. Applicant has no debts or liabilities. Applicant is not engaged in and does not propose to engage in any business activities other than those necessary for the winding up of its affairs.

9. Applicant filed a Notice of Intent to Dissolve and Articles of Dissolution with the Minnesota Secretary of State on December 7, 1995, and January 9, 1996, respectively.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–15938 Filed 6–17–97; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–38736; File No. SR–DCC–97–03]

Self-Regulatory Organizations; Delta Clearing Corp.; Notice of Filing of Proposed Rule Change Regarding Novated Repos

June 11, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] notice is hereby given that on March 11, 1997, Delta Clearing Corp.

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

(''Delta'') filed with the Securities and Exchange Commission (''Commission'') and on May 7, 1997, and May 29, 1997, amended the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by Delta. 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

Delta seeks approval of amendments to its Procedures for Repurchase Agreements and Reverse Repurchase Agreements (''Repo Procedures'') to permit Delta to clear the off-date portion of a repurchase agreement (''repo'') transaction whose on-date leg has been cleared outside of Delta.

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

In its filing with the Commission, Delta 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. Delta has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.[2]

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

Delta proposes to modify its Repo Procedures to provide that Delta may assume the obligation to clear solely the off-date portion of a repo transaction (''novated repo'') subject to (1) the receipt of Delta of matching trade reports from the parties to the trade or from an authorized broker,[3] as applicable and (2) Delta's confirmation of the prior execution and clearance of the on-date portion of such repo transaction.

Section 2401 sets forth time periods for participants to report on-date transactions to enable Delta to clear such transactions by settlement time. Section 2401 of the Repo Procedures will be amended to provide that the time periods for reporting transactions set forth in the first paragraph of Section 2401 do not apply to novated repos. However, in the case of a novated repo where Delta does not clear the on-date portion of a repo transaction, it is not necessary for participants to report such transactions prior to settlement time. Instead, the proposed amendment will provide that novated repos shall be reported to Delta by 5:00 p.m. on any business day prior to the settlement day of the off-date portion as a condition for Delta to assume on such business day the obligation to clear the off-date portion. However, Section 2401 will also provide that if the settlement day of the off-date portion is the next business day following the business day on which a novated repo is reported to Delta, such novated repo must be reported to Delta prior to 2:15 p.m. so that Delta will be able to collect margin related to the transaction in a timely manner.[4]

Participants or the authorized broker, as applicable, may but will not be required to report novated repos to Delta on or prior to the settlement day of the on-date portion of the repo transaction. For example, if participants execute and settle the on-date portion of a repo transaction on day one and submit matching trade reports to Delta on day two, Delta will assume the obligation to clear the off-date portion of such repo transaction provided that the trade is otherwise in compliance with Delta's Repo Procedures.

Section 2507 will be added to the Repo Procedures to clarify that provisions relating to on-date settlement do not apply to novated repos. Similarly, Sections 2801 and 2802 will be amended to clarify that no delivery of collateral or payment of net money through Delta is required on the on-date of a novated repo.

Finally, a new Section 2904 will be added to the Repo Procedures to provide that Delta may accept novated repos for clearance. Section 2904 will provide that a participant's net exposure resulting from the assumption by Delta of a novated repo on any business day will be included for purposes of calculating the margin required to be deposited by the participant by 11:00 a.m. of the following business day pursuant to Article XXVI of the Procedures relating to margin. If Delta assumes by 5:00 p.m. on day two the obligation to clear the off-date portion of a novated repo, any margin required from a participant as a result of the participant's net exposure resulting from Delta's assumption of such novated repo would have to be deposited by the participant on or before 11:00 a.m. on day three. However, if a novated repo has an off-date which is the next business day following the business day on which the novated repo is reported to Delta, such novated repo shall be treated as an overnight repo for margin collection purposes.[5]

Participants often enter into repo transactions and immediately thereafter clear the on-date portion of the transaction between themselves. Participants that have entered into a repo transaction and have cleared the on-date portion between themselves may wish to have Delta assume the obligation to clear the off-date portion. This may be advantageous to the participants for credit, balance sheet netting, or other reasons. The proposed changes will allow participants to submit repo transactions for off-date clearing without having to reclear the on-date portion which has been previously executed and cleared outside Delta's clearing system. Delta does not believe that the proposed rule change to permit clearance of novated repos will expose Delta's clearing system to any risk which is different from the risk assumed on transactions where Delta clears both the on-date and off-date portion of the repo transaction.

Delta believes the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to Delta and in particular with Section 17A(b)(3)(F) of the Act[6] which requires that a clearing agency be organized and its rules be designed to promote the prompt and accurate clearance and settlement of securities transactions, to safeguard funds and securities in Delta's possession and control, and to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions. Delta believes that permitting Delta to clear novated repos will permit wider utilization of the clearing system by participants.

[2] The Commission has modified the text of the summaries.

[3] Pursuant to Delta's rules, Delta will clear and settle repo transactions that have been entered into directly between two participants or entered into by two participants through the facilities of a broker (''authorized broker'') that has been specifically authorized by Delta for such purpose.

[4] Section 2401 will also be amended to require that overnight repo transactions must be reported to Delta prior to 2:15 p.m. Overnight repos and novated repos reported one day prior to settlement will be margined in the same manner.

[5] Delta sends a Supplemental Daily Margin report to members at 2:30 p.m. each day that indicates the amount of margin a member must deposit prior to 3:00 p.m. that day. The margin is based on a mark-to-market calculation.

[6] 15 U.S.C. 78q–1(b)(3)(F).

(B) Self-Regulatory Organization's Statement on Burden on Competition

Delta does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purpose of the Act.

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

Comments were neither solicited nor received.

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

Within thirty-five days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to ninety 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 such 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 rule 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 in 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 Delta. All submissions should refer to File No. SR–DCC–97–03 and should be submitted by July 9, 1997.

For the Commission by the Division of Market Regulation pursuant to delegated authority.[7]

[7] 17 CFR 200.30–3(a)(12).

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–15934 Filed 6–17–97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–38735; File No. SR–Phlx–97–14]

Self-Regulatory Organizations; Order Granting Partial Accelerated Approval to a Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Rule 722, Margin Accounts

June 11, 1997.

I. Introduction

On May 8, 1997, the Philadelphia Stock Exchange, Inc. (''Phlx'' or ''Exchange'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') a proposed rule change to amend certain sections of the Exchange's rules to comply with changes to Regulation T which became effective June 1, 1997. Phlx submitted Amendment No. 1 on May 20, 1997.[1] Phlx submitted Amendment No. 2 on May 28, 1997.[2] Phlx submitted Amendment No. 3 on May 30, 1997.[3]

The proposed rule change, including the amendments, was published for comment, and partial accelerated approval of the proposal was granted in Securities Exchange Act Release No. 38711 (June 2, 1997).[4]

This order grants partial approval to a portion of the proposed rule change.

[1] *See* Letter from Michele R. Weisbaum, Vice President and Associate General Counsel, Phlx, to Michael Walinskas, Senior Special Counsel, Division of Market Regulation (''Market Regulation''), Commission, dated May 19, 1997 (''Amendment No. 1''). Amendment No. 1 supersedes the original rule filing in its entirety by addressing technical changes by making corrections to certain typographical errors appearing in the rule filing. Amendment No. 1 also makes a number of substantive changes.

[2] *See* Letter from Michele R. Weisbaum, Vice President and Associate General Counsel, Phlx, to Michael Walinskas, Senior Special Counsel, Market Regulation, Commission, dated May 28, 1997 (''Amendment No. 2). Amendment No. 2 supersedes Amendment No. 1 with regard to certain portions of the rule filing the Commission is approving today by accelerated approval.

[3] *See* Letter from Diane Anderson, Vice President, Examinations Department, Phlx, to Michael Walinskas, Senior Special Counsel, Market Regulation, Commission, dated May 30, 1997 (''Amendment No. 3''). Amendment No. 3 corrects an inadvertent omission to Amendment No. 2).

[4] The Notice and Order has not been published in the Federal Register as of June 11, 1997. *See* SEC Release No. 34–38711 for a discussion of those provisions of the proposed rule change that were approved in that release.

II. Description of the Proposal

The fall description of the proposed rule change set forth in File No. SR–Phlx–97–14 can be found in SEC Release No. 34–38711. The following description covers only those sections of Rule 722 (''Rule'') being approved through this order, specifically paragraph (d) of Rule 722—*Covered Margin Accounts—Derivative Securities.*

Customer Margin Accounts

The Exchange is proposing to rearrange Rule 722 so that all provisions concerning customer margin accounts are in the same section. Specific provisions relevant to options and warrants will be covered in paragraph (d) of the Rule, entitled *Derivative Securities.*

New proposed section (d) of Rule 722 is entitled *Customer Margin Accounts-Derivative Securities,* and will contain all of the provisions applicable to options and warrants in customer margin accounts. The first paragraph of proposed Rule 722(d) states that active securities dealt in on a recognized exchange will be valued at current market prices but that other securities will be valued conservatively and that substantial additional margin will be required where the securities are unusually volatile or illiquid. This provision is being moved, unchanged, from section (c)(1) of the Rule.

The next provision of the Rule sets forth the continuing rule that long positions in listed options and warrants will not have any loan value for purposes of computing margin in customer accounts. It is being moved from current paragraph (c)(2) and is renamed, *Long Positions-Listed Options and Currency, Currency Index or Stock Index Warrants.*

Paragraph (d)(3) of Rule 722 restates the existing provisions of current paragraph (c)(2)(B)(i) regarding short listed options and warrants. The paragraph and accompanying chart sets forth the margin requirements for equity options, index options, foreign currency options, currency warrants, currency index warrants and stock index warrants listed or traded on a national securities exchange. It is not applicable to OTC options which are provided for in section (f) of the rule (current subsection (ii) to paragraph (c)(2)(B) which dealt with OTC options is also being deleted at this time). The one addition to the existing rule is the exception for short put options that would cap the margin requirement at no less than the option market value plus the minimum percentage applicable to that type of option in column II of the