Period, each Portfolio would operate under the New Agreement, which is anticipated to be identical in substance to the Existing Agreement, except for its effective date. Applicants submit that they are not aware of any material changes in the personnel who will provide investment management services during the Interim Period. Accordingly, each Portfolio should receive, during the Interim Period, the same investment advisory services, provided in the same manner at the same fee levels, and by substantially the same personnel as before the closing of the Transaction.

7. Applicants contend that the best interests of shareholders of the Portfolios would be served if the Subadviser receives fees for its services during the Interim Period. Applicants state that the fees are a substantial part of the Subadviser's total revenues and, thus, are essential to maintaining its ability to provide services to the Portfolios. In addition, the fees to be paid during the Interim Period are at the same rate as the fees paid under the Existing Agreement, which has been approved by the shareholders of each respective Portfolio.

Applicants' Conditions

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

1. The New Agreement will have substantially the same terms and conditions as the Existing Agreement, except for its effective date.

2. Fees earned by the Subadviser in respect of the New Agreement during the Interim Period will be maintained in an interest-bearing escrow account, and amounts in the account (including interest earned on such paid fees) will be paid (a) to the Subadviser in accordance with the New Agreement, after the shareholder approvals are obtained, or (b) to the respective Portfolio, in the absence of such approval with respect to such Portfolio.

3. The Trust will hold meetings of shareholders to vote on approval of the New Agreement on or before the 120th day following the termination of the Existing Agreement (but in no event later than May 30, 1998).

4. Either the Subadviser or the Adviser will bear the costs of preparing and filing the application, and costs relating to the solicitation of shareholder approval of the Portfolios necessitated by the Transaction.

5. The Subadviser will take all appropriate steps so that the scope and quality of advisory and other services provided to the Portfolios during the Interim Period will be at least equivalent, in the judgment of the Board, including a majority of the Independent Trustees, to the scope and quality of services previously provided. If personnel providing material services during the Interim Period change materially, the Subadviser will apprise and consult with the Board to assure that the Trustees, including a majority of the Independent Trustees of the Trust, are satisfied that the services provided will not be diminished in scope or quality.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–31875 Filed 12–4–97; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 22918; 812–10688]

Strong Advantage Fund, Inc., et al.; Notice of Application

November 28, 1997.

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

ACTION: Notice of application for an order under section 17(d) of the Investment Company Act of 1940 (the ''Act'') and rule 17d–1.

Summary of the Application: Applicants request an order to permit certain investment companies to deposit their uninvested cash balances in joint accounts to be used to enter into short-term investments.

Applicants: Strong Advantage Fund, Inc., Strong Asia Pacific Fund, Inc., Strong Asset Allocation Fund, Inc., Strong Common Stock Fund, Inc., Strong Conservative Equity Funds, Inc., Strong Corporate Bond Fund, Inc., Strong Discovery Fund, Inc., Strong Equity Funds, Inc., Strong Government Securities Fund, Inc., Strong Heritage Reserve Series, Inc., Strong High-Yield Municipal Bond Funds, Inc., Strong Income Funds, Inc., Strong Institutional Funds, Inc., Strong International Bond Fund, Inc., Strong International Stock Fund, Inc., Strong Money Market Fund, Inc., Strong Municipal Funds, Inc., Strong Municipal Bond Fund, Inc., Strong Short-Term Bond Fund, Inc., Strong Short-Term Global Bond Fund, Inc., Strong Short-Term Municipal Bond Fund, Inc., Strong Special Fund II, Inc., Strong Total Return Fund, Inc., Strong Variable Insurance Funds, Inc. (''Funds''), Strong Capital Management, Inc. (the ''Adviser'') and Strong Funds Distributors, Inc. (the ''Distributor'').

Filing Dates: The application was filed on June 2, 1997 and amended on October 6, 1997. Applicants have agreed to file an amendment to the application during the notice period, the substance of which is included in this notice.

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 December 23, 1997, 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 interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, One Hundred Heritage Reserve, Menomonee Falls, Wisconsin 53051.

FOR FURTHER INFORMATION CONTACT: Joseph B. McDonald, Jr., Senior Counsel, at (202) 942–0533, or Mary Kay Frech, Branch Chief, at (202) 942–0564 (Office of Investment Company Regulation, Division of Investment Management).

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, 450 Fifth St., N.W., Washington, D.C. 20549 (tel. 202–942–8090).

Applicants' Representations

1. Each Fund is incorporated under the laws of the State of Wisconsin and registered under the Act as an open-end management investment company. All of the Funds are series companies that may issue one or more classes of shares.

2. The Adviser, incorporated under the laws of the State of Wisconsin, is an investment adviser registered under the Investment Advisers Act of 1940. The Adviser acts as each Fund's investment manager, provides the Funds with various administrative services, and acts as transfer and dividend disbursing agent for the Funds. The Distributor, incorporated under the laws of the State of Wisconsin, is a broker-dealer registered under the Securities Exchange Act of 1934. The Distributor is an indirect subsidiary of the Adviser

and acts as principal underwriter of each of the Funds.

3. Applicants request that any relief granted pursuant to the application also apply to all other registered investment companies and series thereof that are part of the same group of investment companies (as defined in rule 11a–3 under the Act) and: (a) for which the Adviser, or a person controlling, controlled by, or under common control with the Adviser may in the future act as investment adviser; or (b) for which the Distributor, or a person controlling, controlled by, or under common control with the Distributor may in the future act as principal underwriter. The Funds that intend to rely on the requested order are named as applicants. Funds for which the Adviser or Distributor acts as investment adviser and/or principal underwriter in the future will not rely on the requested relief except upon the terms and conditions contained in the application.

4. All of the Funds are authorized by their investment policies to invest at least a portion of their uninvested cash balances in short-term liquid assets, including repurchase agreements, high-grade commercial paper, U.S. Government securities and other short-term debt obligations (''Short-Term Investments'').

5. The assets of the Funds are held by Firstar Trust Company and/or Brown Brothers Harriman & Co. as custodians (collectively, the ''Custodian''), neither of which controls, is controlled by or is under common control with, any of the Funds or the Adviser. At the end of each trading day, some or all of the funds may have uninvested cash balances in accounts at their respective Custodian that would not otherwise be invested in portfolio securities by the Adviser. Generally, such cash balances of the Funds are, or would be, invested in short-term liquid assets, such as commercial paper, U.S. Treasury bills, shares of certain Funds that value their net assets in reliance on rule 2a–7 under the Act,[1] and repurchase agreements.

6. Applicants propose that the Funds deposit uninvested cash balances that remain at the end of the trading day into one or more joint accounts (the ''Joint Accounts'') and that the daily balances of the Joint Accounts be invested in Short-Term Investments. Each Fund would invest through a Joint Account only to the extent that the Fund intends to invest in Short-Term Investments consistent with its respective investment objectives, policies and restrictions. The decision to employ a Joint Account for each fund will be based on the same factors as the decision to make any other investment in Short-Term Investments for the Fund.

7. Currently, the Adviser must enter into repurchase agreements and purchase other money market instruments separately on behalf of each Fund. This requires the Adviser to monitor multiple sources of cash availability, to allocate opportunities among the Funds, to execute multiple trades in similar securities on any given day and to settle the trades in a number of separate accounts. The sole purpose of the Joint Accounts will be to provide a convenient means of aggregating what otherwise would be one or more daily transactions for some or all Funds necessary to manage their respective daily account balances.

8. The Adviser will not charge any additional or separate fees for operating or advising the Joint Accounts and will have no monetary participation in the Joint Accounts, but would continue to receive from each Fund its asset-based advisory fee with respect to each Fund's assets. The Adviser will be responsible for investing funds held by the Joint Accounts, establishing accounting and control procedures, and ensuring fair treatment of the Funds. All purchases through a Joint Account will be subject to the same systems and standards for acquiring investments for individual Funds.

9. Any repurchase agreements entered into through the Joint Accounts will comply with the terms of Investment Company Act Release No. 13005 (February 2, 1983). Applicants acknowledge that they have a continuing obligation to monitor the SEC's published statements on repurchase agreements, and represent that the repurchase agreement transactions entered into through a Joint Account will comply with future positions of the SEC to the extent that such positions set forth different or additional requirements regarding repurchase agreements. In the event that the SEC sets forth guidelines with respect to other Short-Term Investments, all such investments made through any Joint Account will comply with those guidelines.

Applicants' Legal Analysis

1. Section 17(d) and rule 17d–1 prohibit an affiliated person of a registered investment company, or an affiliated person of such a person, from participating in any joint enterprise or arrangement in which such investment company is a participant, without an SEC order.

2. The Funds, by participating in the Joint Accounts, and the Adviser, by managing the Joint Accounts, could be deemed to be ''joint participants * * * in a transaction'' within the meaning of section 17(d) of the Act. In addition, the Joint Accounts could be deemed to be a ''joint enterprise or other joint arrangement'' within the meaning of rule 17d–1 under the Act.

3. Rule 17d–1 provides, in part, that no affiliated person of any registered investment company and no affiliated person of such a person, acting as principal, shall participate in, or effect any transaction in connection with, any joint enterprise or other joint arrangement or profit-sharing plan in which any such registered company is a participant, and which is entered into, adopted or modified subsequent to the effective date of the rule, unless an application regarding such joint enterprise, arrangement of profit-sharing plan has been filed with the SEC and has been granted by an order.

4. The Funds may earn a higher rate of return on investments effected through the Joint Accounts relative to the returns the Funds could earn individually. Under most market conditions, it is generally possible to negotiate a rate of return on larger repurchase agreements and other Short-Term Investments that is higher than the rate available on smaller repurchase agreements and other Short-Term Investments. The Joint Accounts also may increase the number of dealers and issuers willing to enter into Short-Term Investments with the Funds and may reduce the possibility that the Funds' cash balances remain uninvested.

5. The Joint Accounts may result in certain administrative efficiencies and a reduction of the potential for errors by reducing the number of trade tickets and cash wires that must be processed by the sellers of Short-Term Investments, the Custodian, and the Adviser's accounting and trading departments.

6. Applicants assert that no Fund will be in a less favorable position as a result of the Joint Accounts. Applicants believe that each Fund's investment in a Joint Account would not be subject to the claims of creditors, whether brought in bankruptcy, insolvency or other legal proceeding, of any other Fund. Each Fund's liability on any Short-Term Investment will be limited to its interest in such investment; no Fund will be jointly liable for the investments of any other Fund.

[1] Applicants have obtained an exemptive order from the SEC that permits certain Funds to purchase shares of affiliated Funds that are money market funds, in excess of the limitations prescribed in section 12(d)(1) of the Act, for cash management purposes. *See Strong Advantage Fund, Inc.*, Investment Company Act Release Nos. 22308 (Oct. 31, 1996) (notice) and 22356 (Nov. 26, 1996) (order).

7. Although the Adviser will realize some benefits through administrative convenience and some possible reduction in clerical costs, the Funds will be the primary benefactors of the Joint Accounts because the Joint Accounts may result in higher returns and will be a more efficient means of administering daily cash investments.

8. Applicants submit that the proposed operation of the Joint Accounts, as described in the application, is consistent with the provisions, policies and purposes of the Act, and that no Fund will participate in the Joint Accounts on a basis different from or less advantageous than that of any other Fund.

Applicants' Conditions

Applicants will comply with the following as conditions to any order granted by the SEC:

1. A separate custodial cash account will be established with the Custodian for each Joint Account into which each Fund will be permitted to have deposited daily some or all of its uninvested net cash balances. A Fund may transfer a portion of its daily cash balances to more than one Joint Account. The Joint Accounts will not be distinguishable from any other accounts maintained by the Funds at the Custodian, except that monies from the Funds will be deposited in the Joint Accounts on a commingled basis. The Joint Accounts will not have a separate existence and will not have any indicia of a separate legal entity. The sole function of the Joint Accounts will be to provide a convenient means of aggregating individual transactions in Short-Term Investments which would otherwise require daily management by the Adviser of each Fund's uninvested cash balances.

2. Cash in the Joint Accounts, as directed by the Adviser, will be invested in one or more of the following: (a) repurchase agreements which are ''collateralized fully'' as defined in rule 2a–7 under the Act; (b) interest-bearing or discounted commercial paper, including dollar denominated commercial paper of foreign issuers; and (c) any other short-term money market instruments, that constitute ''Eligible Securities'' (as defined in rule 2a–7 under the Act). The repurchase agreements entered into through the Joint Accounts will have remaining maturities of 60 days or less, and any other Short-Term Investments will have a remaining maturity of 90 days or less, each as calculated in accordance with rule 2a–7 under the Act. No Fund will be permitted to invest in a Joint Account unless the Short-Term Investments in such Joint Account will comply with the investment policies and guidelines of that Fund.

3. All assets held in the Joint Accounts will be valued on an amortized cost basis to the extent permitted by applicable SEC releases, rules, or orders.

4. Each Fund that values its net assets in reliance on rule 2a–7 under the Act will use the average maturity of the instruments in the Joint Accounts in which such Fund has an interest (determined on a dollar weighted basis), for the purpose of computing its average portfolio maturity with respect to its portion of the assets held in a Joint Account on that day.

5. In order to ensure that there will be no opportunity for any Fund to use any part of a balance of a Joint Account credited to another Fund, no Fund will be allowed to create a negative balance in any Joint Account for any reason, although each Fund will be permitted to draw down its entire balance at any time. Each Fund's decision to invest in the Joint Accounts will be solely at its option, and no Fund will be obligated to invest in the Joint Accounts or to maintain any minimum balance in the Joint Accounts. In addition, each Fund will retain the sole rights of ownership to any of its assets invested in the Joint Accounts, including interest payable on such assets invested in the Joint Accounts.

6. The Adviser will administer the investment of cash balances in and operation of the Joint Accounts as part of its general duties under the existing or any future advisory agreements it has with the Funds and will not collect any additional or separate fees for advising the Joint Accounts.

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

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

9. Each Fund's participation in a Joint Account (i.e., its proportionate share of the Short-Term Investments effected through the Joint Accounts) will be documented daily on its books and on the books of the Custodian. Each Fund will maintain records (in conformity with section 31 of the Act and the rules thereunder) documenting, for any given day, its aggregate investment through each Joint Account and its *pro rata* share of each Short-Term Investment transaction made through such Joint Account.

10. Each investment made through a Joint Account will satisfy the investment criteria of each Fund participating in the joint investment.

11. Not every Fund participating in a Joint Account necessarily will have its cash invested in every Short-Term Investment entered into through the Joint Account. However, to the extent that a Fund's cash is applied to a particular investment made through a Joint Account, the Fund will participate in and own a proportionate share of such Short-Term Investment, and any income earned or accrued thereon, based upon the percentage of such investment purchased with monies contributed by the Fund.

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

13. 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 Fund that is an

open-end investment company registered under the Act, subject to the restriction that the Fund may not invest more than 15% (or such other percentage as set forth by the SEC from time to time) of its net assets in illiquid securities and any similar restrictions set forth in the Fund's investment restrictions and policies, if the Adviser cannot sell the instrument, or the Fund's fractional interest in such instrument, pursuant to the preceding condition.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–31847 Filed 12–4–97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–39370; File No. SR–CTA/CQ–97–3]

Consolidated Tape Association; Notice of Filing and Immediate Effectiveness of Third Charges Amendment to the Second Restatement of the Consolidated Tap Association Plan and Second Charges Amendment to the Restated Consolidated Quotation Plan

November 26, 1997.

Pursuant to rule 11Aa3–2 of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on November 25, 1997, the Consolidated Tap Association (''CTA'') and the Consolidated Quotation (''CQ'') Plan Participants (''Participants'') filed with the Securities and Exchange Commission (''Commission'' or ''SEC'') amendments to the Restated CTA Plan and CQ Plan. The amendments remove from the Plans' rate schedules the Network A ''one-cent-per-quote packet'' fees for the interrogation services that vendors offer on a pay-for-use basis and recreate the former Network A Class G program classification charge for automated voice response services. The Participants recently established these charges pursuant to the second charges amendment to the Second Restatement of the CTA Plan and the first charges amendment to the Restated CQ Plan.

Pursuant to Rule 11Aa3–2(c)(3)(i), the CTA and CQ Participants have designated the amendments as establishing or changing fees and other charges collected on behalf of all of the sponsors and participants, which renders the amendments effective upon receipt of this filing by the Commission. The Commission is publishing this notice to solicit comments from interested persons on the amendments.

I. Purpose of the Amendments

A. Rule 11Aa3–2

The Participants under the Plans that make Network A last sale information and quotation information available (the ''Network A Participants'') recently established a pricing alternative for vendors of, and subscribers to, certain Network A market data interrogation services.[2] That alternative consists of a fee of one cent for each real-time ''quote packet'' that vendors disseminate to subscribers on a pay-for-use basis during the hours that the Network A Participants are open for trading (a ''per-quote charge'').

At the same time, the Network A Participants also classified their Class G program classification charge as a display device fee, based upon device equivalents. That fee is set for any month at the device fee that would apply for a number of devices equal to the maximum number of inquiries to which a vendor's automated voice response system responds simultaneously during that month. As we stated in the September Plan Amendments, the reclassification left the amount and calculation of the charges unchanged. It did not affect the amounts payable by any vendor.

The amendments remove the per-quote charge from the CTA and CQ Plan rate schedules and re-establish the Class G program classification charge in a manner identical to its form prior to the September Plan Amendments. The reason for these amendments is to comply with a request of the staff of the Commission's Division of Market Regulation which received an unfavorable comment letter.[3]

B. Governing or Constituent Documents

Not applicable.

C. Implementation of Amendment

The Network A Participants are submitting this proposed plan amendment pursuant to Rule 11Aa3–2(c)(3)(i) under the Act. In doing so, the Participants are putting the revisions to the CTA and CQ Plan rate schedules into effect upon the filing of the amendments with the Commission. As a result, the removal of the per-quote charge from the CTA and CQ Plan schedules, and the re-instatement of the Class G program classification charge, will take effect upon submission of the plan amendments with the Commission. After filing the amendments with the Commission, the Network A Participants will notify affected vendors of the rate schedule changes as necessary.

D. Development and Implementation Phases

See Item I(C).

E. Analysis of Impact on Competition

The Participants believe the proposed amendments will impose no burden on competition.

F. Written Understanding or Agreements Relating to Interpretation of, or Participation in, Plan

Not applicable.

G. Approval by Sponsors in Accordance With Plan

Under Section XII(b)(iii) of the CTA Plan and Section IX(b)(iii) of the CQ Plan, each of the Participants must execute a written amendment to the Plan before an amendment to that Plan can become effective.

H. Description of Operation of Facility Contemplated by the Proposed Amendment

Not applicable.

I. Terms and Conditions of Access

See Item I(A).

J. Method of Determination and Imposition, and Amount of, Fees and Charges

See Item I(A) and the text of the amendments.

K. Method and Frequency of Processor Evaluation

Not applicable.

L. Dispute Resolution

Not applicable.

II. Rule 11Aa3–1 (Solely in Its Application to the Amendments to the CTA Plan)

A. Reporting Requirements

Not applicable.

B. Manner of Collecting, Processing, Sequencing, Making Available and Disseminating Last Sale Information

Not applicable.

C. Manner of Consolidation

Not applicable.

[1] 15 U.S.C. 78k–1.

[2] *See* Securities Exchange Act Release No. 39235 (October 14, 1997); 62 FR 54886 (October 22, 1997) (''September Plan Amendments'').

[3] *See* letter from Sam Scott Miller, Vice President and Associate Counsel, Orrick, Herrington & Sutcliff LLP, to Jonathan G. Katz, Secretary, SEC, dated October 28, 1997.