Allocation Fund will be permitted to remove Fund assets from the fixed Contract at any time, without the imposition of a sales charge or market value adjustment. Second, Applicants submit that the proposed transactions will be consistent with the policies of each Asset Allocation Fund. Finally, Applicants argue that the proposed arrangements do not involve overreaching or self-dealing and are consistent with the general purposes of the Act.

Conditions For Relief

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

1. Each Asset Allocation Fund and each Affiliated Underlying Fund will be part of the same ''group of investment companies'' as that term is defined in Section 12(d)(1)(G)(ii) of the Act.

2(a). In the case of an Underlying Fund that is not a feeder fund in a ''masterfeeder'' structure, no Underlying Fund will acquire securities of any other investment company in excess of the limits contained in Section 12(d)(1)(A) of the Act, except to the extent that such Underlying Fund (a) receives securities of another investment company as a dividend or as a result of a plan of reorganization of a company (other than a plan devised for the purpose of evading Section 12(d)(1) of the Act); or (b) acquires (or is deemed to have acquired) securities of another investment company pursuant to exemptive relief from the Commission permitting such Underlying Fund to (i) acquire securities of one or more affiliated investment companies for short-term cash management purposes; or (ii) engage in interfund borrowing and lending transactions.

2(b). No Underlying Fund that is a feeder fund in a ''master-feeder'' structure will acquire securities of any other investment company except in conformity with Section 12(d)(1)(E) of the Act. No master fund in such a structure shall acquire securities of any other investment company in excess of the limits contained in Section 12(d)(1)(A) of the Act, except to the extent that such master fund (a) receives securities of another investment company as a dividend or as a result of a plan of reorganization of a company (other than a plan devised for the purpose of evading Section 12(d)(1) of the Act); or (b) acquires (or is deemed to have acquired) securities of another investment company pursuant to exemptive relief from the Commission permitting such master fund to (i) acquire securities of one or more affiliated investment companies for short-term cash management purposes; or (ii) engage in interfund borrowing and lending transactions.

3. No sales load will be charged at the Asset Allocation Fund level or at the Underlying Fund level, including any Unaffiliated Underlying Fund that is a feeder in a ''master-feeder'' structure or any master fund in such a structure. Sales charges or service fees as defined in Section 2830 of the Conduct Rules of the NASD, if any, will only be charged at either the Asset Allocation Fund level or at the Underlying Fund level, but not both. In a situation where an Asset Allocation Fund invests in a feeder fund, the Applicants agree to limit sales charges or service fees to only one level, at the feeder fund, the master fund, or the Asset Allocation Fund level.

4. Before approving any advisory contract pursuant to Section 15 of the Act, the Board of Trustees of an Asset Allocation Fund, including a majority of the Trustees who are not ''interested persons'' as defined in Section 2(a)(19) of the Act, will find that the advisor fees charged under such contract, if any, are based on services provided that are in addition to, rather than duplicative of, services provided under the advisory contract of any Underlying Fund in which the Asset Allocation Funds may invest. This finding, and the basis upon which the finding was made, will be recorded fully in the minute books of such Asset Allocation Fund.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–32311 Filed 12–9–97; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–39392; File No. SR–Amex–97–38]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the American Stock Exchange, Inc. Relating to the Exchange's Warrant Listing Guidelines

December 3, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,[1] notice is hereby given that on October 22, 1997, the American Stock Exchange, Inc. (''Amex'' or ''Exchange'') filed with the Securities Exchange 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.

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

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

The American Stock Exchange, Inc. proposes to amend its Company Guide to revise its warrant listing guidelines. The text of the proposed rule change is available at the Office of the Secretary, the Amex and at the Commission.

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 section A, B and C below, of the most significant aspects of such statements.

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

1. Purpose

Section 105 of the Amex Company Guide provides that the Exchange will not list warrants unless the underlying common stock is listed on either the Amex or the New York Stock Exchange and further provides that the Exchange will evaluate the warrant issuer's listing eligibility using the same financial and distribution guidelines as are applied to the listing of common stock. The Exchange believes that those criteria are unnecessarily high when applied to the listing of warrants. Warrants do not represent a new type of direct claim upon a company's assets or otherwise expose a company to financial risk. Accordingly, the original listing financial guidelines for common stock are not relevant to the listing of warrants and the Exchange proposes instead to list a warrant issue so long as the Company is in good standing on either the Amex or the NYSE, *i.e.*, above the continued listing guidelines (a similar change was previously made to the Exchange's guidelines with respect to the listing of debt securities).

Similarly, the original listing distribution guidelines for common stocks (either 1,000,000 shares/warrant

with at least 400 holders or 500,000 shares/warrants with at least 800 holders) are too high when applied to warrants since warrants are a derivative security and their price discovery is less dependent upon such a high level of liquidity. Nonetheless, the Exchange recognizes that a minimum level of liquidity is necessary in an auction market environment. The Exchange presently lists a preferred stock issued by an Amex or NYSE listed company provided that there are at least 100,000 shares outstanding and believes that this would also be an appropriate guideline for the listing of warrants. The Exchange also recognizes that for a specialist to continue to provide an auction market some minimal level of public float is necessary. Thus, the Amex is proposing that a warrant issue would become subject to delisting if its public float fell below 50,000. This too is the same guideline as is applied to preferred stock issues. These changes will provide the Exchange with greater flexibility in listing warrant issues and the Amex believes that the expanded opportunity for side-by-side trading of stocks and warrants will prove beneficial to the shareholders of exchange listed companies.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)[2] of the Act in general and furthers the objectives of Section 6(b)(5)[3] in particular in that it is designed to promote just and equitable principles of trade, remove impediments to a free and open market and a national market system, and protect investors and the public interest.

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

The proposed rule change will impose no 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 solicited or received with respect to the proposed rule change.

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

Within 35 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 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:

(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 file six copies thereof with the Secretary, Securities 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 Room in Washington, D.C. Copies of such filing will also be available for inspection and copying at the principal office of the Amex. All submissions should refer to the file number in the caption above and should be submitted by December 31, 1997.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.[4]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–32231 Filed 12–9–97; 8:45 am]

BILLING CODE 8010–01–M

[2] 15 U.S.C. 78f(b).

[3] 15 U.S.C. 78f(b)(5).

[4] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–39395; File No. SR–CSE–97–12]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by The Cincinnati Stock Exchange, Inc., Relating to Transaction Credits

December 3, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, 15 U.S.C. § 78s(b)(1) (''Act''), notice is hereby given that on November 13, 1997, The Cincinnati Stock Exchange, Incorporated (''CSE'' 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 CSE.[1] 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 amend its schedule of fees in order to provide a transaction credit for Tape B transactions.[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 the CSE 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 CSE has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant parts 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 is implementing a credit for transactions in all Tape B securities in order to create an incentive for members to trade such securities on the Exchange. The Exchange believes the credit is a logical next step in its efforts to remain the low-cost provider of exchange services in the National Market System. Members will be credited on a pro rata basis, based upon the percentage of tape B transaction market share captured by the Exchange

[1] On November 19, 1997, the Exchange submitted Amendment No. 1 to the filing. *See* letter from Adam W. Gurwitz, Vice President and Secretary, CSE, to Marie Ito, Special Counsel, Division of Market Regulation, Commission, dated November 19, 1997.

[2] ''CTA Network B'' is commonly known as Tape B, and is defined in the Consolidated Tape Association Plan as ''the [Consolidated Tape] System as utilized to make available 'CTA Network B information' (that is, last sale price information related to Network B Eligible Securities).'' The Consolidated Tape Association Plan further defines ''Network B Eligible Securities'' to mean securities ''admitted to dealings on the [American Stock Exchange], [Boston Stock Exchange], [Chicago Board Options Exchange], [Chicago Stock Exchange], CSE, [Pacific Exchange], [Philadelphia Stock Exchange] or on any other exchange, but not also admitted to dealings on [the New York Stock Exchange].'' CTA Plan, at 1–3.