

1. Effect on postal services [39 U.S.C. 404(b)(2)(C)].
2. Effect on the community [39 U.S.C. 404(b)(2)(A)].

After the Postal Service files the administrative record and the Commission reviews it, the Commission may find that there are more legal issues than those set forth above. Or, the Commission may find that the Postal Service's determination disposes of one or more of those issues.

The Postal Reorganization Act requires that the Commission issue its decision within 120 days from the date this appeal was filed (39 U.S.C. 404(b)(5)). In the interest of expedition, in light of the 120-day decision schedule, the Commission may request the Postal Service to submit memoranda of law on any appropriate issue. If requested, such memoranda will be due 20 days from the issuance of the request and the Postal Service shall serve a copy of its memoranda on the petitioners. The Postal Service may incorporate by reference in its briefs or motions, any arguments presented in memoranda it previously filed in this docket. If necessary, the Commission also may ask petitioners or the Postal Service for more information.

#### *The Commission Orders*

(a) The Postal Service shall file the record in this appeal by November 22, 1996.

(b) The Secretary of the Postal Rate Commission shall publish this Notice and Order and Procedural Schedule in the Federal Register.

By the Commission.  
Margaret P. Crenshaw,  
Secretary.

#### Appendix

November 8, 1996—Filing of Appeal letter

November 14, 1996—Commission Notice and Order of Filing of Appeal

December 3, 1996—Last day of filing of petitions to intervene [see 39 C.F.R. 3001.111(b)]

December 13, 1996—Petitioner's Participant Statement or Initial Brief [see 39 C.F.R. 3001.115(a) and (b)]

January 2, 1997—Postal Service's Answering Brief [see 39 C.F.R. 3001.115(c)]

January 17, 1997—Petitioner's Reply Brief should Petitioner choose to file one [see 39 C.F.R. 3001.115(d)]

January 24, 1997—Deadline for motions by any party requesting oral argument. The Commission will schedule oral argument only when it is a necessary addition to the written filings [see 39 C.F.R. 3001.116]

March 8, 1997—Expiration of the Commission's 120-day decisional schedule [see 39 U.S.C. 404(b)(5)]  
[FR Doc. 96-29635 Filed 11-19-96; 8:45 am]  
BILLING CODE 7710-FW-P

## SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Rel. No. 22333; 811-7191]

### The Shawmut Funds; Notice of Application

November 13, 1996.

**AGENCY:** Securities and Exchange Commission ("SEC").

**ACTION:** Notice of Application for Deregistration under the Investment Company Act of 1940 (the "Act").

**APPLICANT:** The Shawmut Funds.

**RELEVANT ACT SECTION:** Order requested under section 8(f).

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

**FILING DATES:** The application was filed on July 29, 1996. Applicant has agreed to file an amendment 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 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 December 9, 1996, 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, NW., Washington, DC 20549. Applicant, Federated Investors Tower, Pittsburgh, PA 15222-3779.

**FOR FURTHER INFORMATION CONTACT:** Harry Eisenstein, Staff Attorney, at (202) 942-0552, or Alison E. Baur, Branch Chief, 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. On August 24, 1992, applicant, an open-end investment company organized as a Massachusetts business trust, filed a Notification of Registration on Form N-8A and a registration statement on Form N-1A pursuant to section 8(b) of the Act and the Securities Act of 1933. The registration statement was declared effective on December 1, 1992, and applicant's initial public offering commenced on December 14, 1992.

2. Applicant consists of eleven separate portfolios: Shawmut Prime Money Market Fund ("Prime Money Fund"); Shawmut Connecticut Municipal Money Market Fund ("Connecticut Money Fund"); Shawmut Massachusetts Municipal Money Market Fund ("Massachusetts Money Fund"); Shawmut Limited Term Income Fund ("Limited Term Fund"); Shawmut Intermediate Government Income Fund ("Intermediate Government Fund"); Shawmut Fixed Income Fund ("Fixed Income Fund"); Shawmut Connecticut Intermediate Municipal Income Fund ("Connecticut Intermediate Fund"); Shawmut Massachusetts Intermediate Municipal Income Fund ("Massachusetts Intermediate Fund"); Shawmut Growth and Income Equity Fund ("Growth and Income Fund"); Shawmut Growth Equity Fund ("Growth Equity Fund"); and Shawmut Small Capitalization Equity Fund ("Small Cap Fund"). All of the Funds except Massachusetts Money Fund and Connecticut Intermediate Fund consist of two classes of shares: Trust Shares and Investment Shares. Massachusetts Money Fund and Connecticut Intermediate Fund each have one undesignated class of shares.

3. On August 23, 1995, applicant's Board of Trustees ("Board") approved a reorganization plan whereby corresponding portfolios of The Galaxy Fund would acquire all of applicant's assets in exchange for shares of The Galaxy Fund to be distributed *pro rata* by applicant to its shareholders in complete liquidation and dissolution of applicant ("Reorganization"). A registration statement on form N-14 relating to the reorganization was filed by The Galaxy Fund with the SEC on August 21, 1995. Applicant states that the primary reason for the Reorganization was the merger between Shawmut National Corporation ("Shawmut"), the parent of applicant's investment adviser, Shawmut Bank, N.A. ("Shawmut Adviser"), and Fleet Financial Group, Inc. ("Fleet"), the parent of The Galaxy Fund's investment adviser, Fleet Investment Advisors Inc.

("Galaxy Adviser"). The Board noted that the investment advisory contract between applicant and the Shawmut Adviser would be terminated and that the Shawmut Adviser and the Galaxy Adviser would become affiliated persons as a consequence of the Reorganization. Accordingly, the Board determined such reorganization was in the best interests of applicant's shareholders.

4. Applicant states that the Reorganization was undertaken in compliance with rule 17a-8. In addition to determining that the Reorganization was in the best interests of applicant's shareholders, the Board also determined that the interests of existing shareholders of applicant would not be diluted as a result of the sales of applicant's net assets to The Galaxy Fund.

5. On September 8, 1995, preliminary copies of a combined proxy/prospectus were filed with the SEC. On September 29, 1995, a definitive proxy/prospectus was transmitted to the SEC and subsequently mailed to applicant's shareholders. At a special meeting of applicant's shareholders on October 30, 1995, applicant's shareholders approved the reorganization plan.

6. On December 4, 1995, the properties and assets of each of applicant's portfolios were valued and subsequently conveyed to a corresponding portfolio of The Galaxy Fund. Applicant's shareholders received Trust Shares or Retail Shares, respectively, in the corresponding portfolio of The Galaxy Fund equal in value to their Trust Shares or Investment Shares, respectively, in complete liquidation of applicant. No brokerage commissions were paid as a result of the above-mentioned conveyance.

7. Pursuant to the reorganization, four of The Galaxy Fund portfolios, Connecticut Municipal Money Market Fund, Massachusetts Municipal Money Market Fund, Growth and Income Fund, and Small Cap Value Fund had nominal assets and liabilities before the reorganization and were designed to continue investment operations of applicant's Connecticut Money Fund, Massachusetts Money Fund, Growth and Income Fund, and Small Cap Fund.

8. Applicant's remaining seven portfolios transferred substantially all of their assets and known liabilities to the remaining portfolios of The Galaxy Funds as follows: Prime Money Fund, Limited Term Fund, Fixed Income Fund, Intermediate Government Fund, Connecticut Intermediate Fund, Massachusetts Intermediate Fund, and Growth Equity Fund, respectively,

transferred into Money Market Fund, Short-Term Bond Fund, Corporate Bond Fund, Intermediate Government, Income Fund, Connecticut Municipal Bond Fund, Massachusetts Municipal Bond Fund, and Equity Growth Fund, respectively.<sup>1</sup>

9. Expenses of the reorganization were borne by one or both of Shawmut and Fleet.

10. As of the date of the application, applicant had no shareholders, assets, or liabilities. Applicant is not a party to any litigation or administrative proceeding. Applicant is neither engaged, nor proposes to engage, in any business activities other than those necessary for the winding-up of its affairs.

11. Applicant continues to exist as a business trust under the laws of the Commonwealth of Massachusetts. Applicant represents that it will terminate its existence upon receipt of notice and order from the Commission that it has ceased to be an investment company.

For the SEC, by the Division of Investment Management, under delegated authority.  
Margaret H. McFarland,  
*Deputy Secretary.*

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[Release No. 34-37945; File No. SR-Amex-96-32]

**Self-Regulatory Organizations; Order Granting Approval to Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval to Amendment No. 1 To Proposed Rule Change by the American Stock Exchange, Inc., To Amend the Firm Facilitation Exemption**

November 3, 1996.

**I. Introduction**

On September 10, 1996, the American Stock Exchange, Inc. ("Amex" or "Exchange") submitted to the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4

<sup>1</sup> As of the date of the reorganization, the Corporate Bond Fund had issued only Trust Shares. Therefore, holders of both Trust Shares and Investment Shares of the Fixed Income Fund received Trust Shares of the Corporate Bond Fund. Applicant states that the fee/load structure of the Trust Shares of the Corporate Bond Fund is lower than that of the Investment Shares of the Fixed Income Fund. Applicant thus believes that the holders of Investment Shares will benefit from receiving the Trust Shares.

<sup>1</sup> 15 U.S.C. 78s(b)(1) (1988).

thereunder;<sup>2</sup> a proposed rule change to amend its firm facilitation exemption.

Notice of the proposed rule change appeared in the Federal Register on September 26, 1996.<sup>3</sup> No comments were received on the proposed rule change. The Exchange subsequently filed Amendment No. 1 to the proposed rule change on November 4, 1996.<sup>4</sup> This order approves the Amex's proposal, as amended.

**II. Background and Description**

In May of this year, the Exchange received Commission approval to expand the firm facilitation exemption<sup>5</sup> from position and exercise limits to all non-multiply-listed Exchange option classes.<sup>6</sup> Currently, only a member firm who facilitates and executes an order for its own customer<sup>7</sup> may qualify for a firm facilitation exemption.

The Amex is proposing to amend the firm facilitation exemption in two ways. First, a member firm who facilitates its own customer whose account it carries, whether the firm executes the order itself or gives the order to an independent broker for execution may qualify for the exemption. Second, the facilitation exemption will be expanded to include member firms who facilitate another member's customer order. Such customer order must be for execution only against the member firm's proprietary account. Further, unlike a member firm that facilitates its own customer, the resulting position will not be carried by the facilitating member firm.<sup>8</sup>

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 37706 (September 20, 1996), 61 FR 50524 (September 26, 1996).

<sup>4</sup> In Amendment No. 1, the Amex revised the proposed rule language of Commentary .10 to Exchange Rule 904 and Commentary .02 to Exchange Rule 904C so that a member firm who receives a customer order for execution only against the member firm's proprietary account may qualify for the facilitation exemption. See letter from Claire P. McGrath, Managing Director and Special Counsel, Derivative Securities Amex, to Ivette Lopez, Assistant Director, Office of Market Supervision, Division of Market Regulation, Commission, dated November 4, 1996 ("Amendment No. 1").

<sup>5</sup> The Amex notes that a facilitation trade is a transaction that involves crossing an order of a member firm's public customer with an order from the member firm's proprietary account.

<sup>6</sup> See Securities Exchange Act Release No. 37179 (May 8, 1996), 61 FR 24520 (May 15, 1996) (approval order for File No. SR-Amex-96-11).

<sup>7</sup> The Amex defines a customer order as one that is entered, cleared, in which the resulting position is carried with the firm.

<sup>8</sup> The Commission notes that any solicitation of a member by another member or customer to facilitate a customer order must comply with the relevant Exchange rules concerning solicited transactions.