

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, a Maryland corporation, is a closed-end management investment company. Applicant registered under the Act and filed a registration statement on Form N-2 under section 8(b) of the Act on December 23, 1988. The registration statement was made effective and applicant commenced an initial public offering of its shares on March 23, 1989.

2. On March 12, 1996, applicant's board of directors (the "Board") approved an Agreement and Plan of Reorganization (the "Agreement") between applicant and AIM Funds Group ("AFG"), an open-end management investment company with multiple portfolios. The Agreement provided for the sale of applicant's assets to the AIM High Yield Fund (the "Acquiring Fund"), a portfolio of AFG, in exchange for shares of the Acquiring Fund (the "Reorganization"). Applicant and the Acquiring Fund have the same investment adviser, AIM Advisors, Inc., and accordingly may be deemed to be affiliated persons of one another. Applicant therefore relied on rule 17a-8 under the Act of effect the Reorganization.¹

3. As required by rule 17a-8, the Board, including each of applicant's directors who is not an "interested person" of applicant, found that the Reorganization was in applicant's best interests and would not dilute the interests of its existing shareholders. The Board determined that consummation of the Reorganization was in the best interests of applicant's shareholders because, among other things, it would eliminate the discount from net asset value at which applicant's shares had normally traded. Other important considerations in the Board's determination were that (a) applicant and the Acquiring Fund had a similar investment objective of seeking high current income, (b) the Acquiring Fund's effective advisory fee was lower than applicant's fee, (c) the Acquiring Fund's yield was higher than applicant's yield, and (d) applicant's

shareholders would be able to exchange their shares for shares of other funds in The AIM Family of Funds at net asset value.

4. At the time of the Reorganization, the Acquiring Fund had two classes of shares—Class A shares with a front-end sales charge and a 12b-1 fee and Class B shares with a deferred sales charge and a higher 12b-1 fee. The Agreement provided that applicant's shareholders would receive the number of Class A shares of the Acquiring Fund upon consummation of the Reorganization having an aggregate net asset value equal to the net value of applicant's assets transferred to the Acquiring Fund. The front-end charge normally associated with sales of the Acquiring Fund's Class A shares was waived. The Board deemed it to be in the best interest of applicant's shareholders to receive the Acquiring Fund's Class A shares at net asset value.

5. On or about June 7, 1996, a combined proxy statement/prospectus was distributed to applicant's shareholders. At the annual meeting of applicant's shareholders on July 19, 1996, a majority of shareholders voted for approval of the Agreement and consummation of the Reorganization.

6. As of July 26, 1996, the business day immediately preceding the Reorganization, applicant had 6,976,644 shares of common stock outstanding with an aggregate net asset value of \$69,521,407.14 or \$9.81 per share. On July 29, 1996, applicant transferred all of its assets to the Acquiring Fund and the Acquiring Fund assumed all of the liabilities of applicant. In addition, the Acquiring Fund issued directly to each of applicant's shareholders that number of the Acquiring Fund's Class A shares with an aggregate net asset value equal to the aggregate net asset value of his or her shares of applicant.

7. Expenses incurred in connection with the Reorganization included legal fees, accounting fees, proxy fees and proxy solicitation fees. Applicant paid all of such expenses, which amounted to \$144,930.39. Applicant did not pay any brokerage commissions in connection with the transfer of its assets to the Acquiring Fund.

8. As of the date of filing of the initial application applicant had no shareholders, assets, outstanding debt or expenses. Applicant is not a party to any litigation or administrative proceeding. Applicant is neither engaged, nor does it propose to engage, in any business activities other than those necessary for the winding-up of its affairs.

9. Applicant intends to file articles of dissolution with the State of Maryland.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-15714 Filed 6-13-97; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT: [62 FR 30911, June 5, 1997].

STATUS: Closed Meeting.

PLACE: 450 Fifth Street, NW., Washington, DC.

DATE PREVIOUSLY ANNOUNCED: June 5, 1997.

CHANGE IN THE MEETING: Correction/Deletion.

The following item, inadvertently cited for consideration at a closed meeting held on Wednesday, June 11, 1997, was considered in a closed meeting held on Monday, June 9, 1997, following the 10:00 a.m. open meeting:

Post oral argument discussion.

The following items were not considered at the closed meeting held on Wednesday, June 11, 1997: Opinions.

Commission Hunt, as duty officer, determined that Commission business required the above changes 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: June 11, 1997.

Margart H. McFarland,
Deputy Secretary.

[FR Doc. 97-15837 Filed 6-12-97; 12:53 pm]

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SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following meetings during the week of June 16, 1997.

A closed meeting will be held on Monday, June 16, 1997, at 2:00 p.m. An open meeting will be held on Wednesday, June 18, 1997, at 10:00 a.m.

Commissioners, Counsel to the Commissioners, the Secretary to the

¹ Rule 17a-8 provides an exemption from section 17(a) of the Act for certain reorganizations among registered investment companies that may be affiliated persons, or affiliated persons of an affiliated person, solely by reason of having a common investment adviser, common directors, and/or common officers.

Commission, and recording secretaries will attend the closed meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b (c)(4), (8), (9)(A) and (10) and 17 CFR 200.402(a) (4), (8), (9)(i) and (10), permit consideration of the scheduled matters at the closed meeting.

Commissioner Hunt, as duty officer, voted to consider the items listed for the closed meeting in a closed session.

The subject matter of the closed meeting scheduled for Monday, June 16, 1997 at 2:00 p.m., will be:

Institution and settlement of injunctive actions.

Institution and settlement of administrative proceedings of an enforcement nature.

Formal order of investigation.

Opinions.

The subject matter of the open meeting scheduled for Wednesday, June 18, 1997 at 10:00 a.m., will be:

Consideration of whether to adopt certain recommendations of the Task Force on Disclosure Simplification. The recommendations include the rescission of two forms and one rule that are no longer necessary or appropriate for the protection of investors and the adoption of one rule and amendment of a number of other rules and forms to eliminate unnecessary requirements and to streamline the disclosure process. For further information, please contact Felicia H. Kung at (202) 942-2990.

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 at (202) 942-7070.

Dated: June 11, 1997.

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-15838 Filed 6-12-97; 12:53 pm]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38729; File No. SR-NASD-97-14]

Self-Regulatory Organizations; Order Granting Approval of Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 1 Thereto by the National Association of Securities Dealers, Inc., Relating to the Amendment of its Margin Rules

June 10, 1997.

I. Introduction

On February 26, 1997, the NASD Regulation, Inc. ("NASD Regulation") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to amend certain sections of the National Association of Securities Dealers, Inc.'s ("NASD" or "Association") margin rules.

The proposed rule change was published for comment in Securities Exchange Act Release No. 38463 (April 1, 1997), 62 FR 17260 (April 9, 1997). The NASD submitted to the Commission Amendment No. 1 on May 30, 1997.³ No comments were received on the proposal.

This order approves the proposed rule change.

II. Description of the Proposal

The NASD Regulation proposes to amend its margin rule, Rule 2520 of the Conduct Rules, of the NASD. Specifically, the NASD Regulation proposes to amend Rule 2420 ("old Rule 2520") to: (1) renumber paragraphs (a) and (b) as Rules 2521 and 2522, respectively, and renumber paragraph (c) as Rule 2520 (referred to herein as "Rule 2520"); (2) conform Rule 2520 to recent amendments to Regulation T ("Regulation T")⁴ of the Board of Governors of the Federal Reserve System ("Federal Reserve Board" or "Board"); and (3) add margin requirements for various over-the-counter ("OTC") options and interest rate composite securities.

As a result of the Federal Reserve Board's recent amendments to

Regulation T, which governs the extension of credit by broker/dealers,⁵ and the NYSE's proposed amendments to its margin rule, NYSE Rule 431,⁶ NASD Regulation proposes to renumber old Rule 2520 so as to permit its members and others to more easily use and compare the provisions of the rule with NYSE Rule 431. In addition, NASD Regulation proposes amendments to Rule 2520, the NASD's margin rule, to conform the NASD's margin requirements to those of Regulation T and NYSE Rule 431.

Numbering

The NASD Regulation proposes to renumber old Rule 2520 by: (1) Renumbering paragraphs (a) and (b) as Rules 2521 and 2522, respectively; and (2) renumbering paragraph (c) as Rule 2520. The NASD Regulation states that this renumbering will cause most of the paragraphs and subparagraphs of Rule 2520 to have the same numbering as those of NYSE Rule 431, thereby facilitating comparison and use of the two rules. The renumbered Rule 2520 is set forth in Exhibit 2 to the rule filing; however, the former numbering of each subsection is not shown.

Amendments to Conform Rule 2520 to Regulation T

The NASD Regulation proposes two technical changes to Rule 2520 (as renumbered) to correct references to recently-repealed or renumbered provisions of Regulation T: (1) definition of OTC margin bond, and (2) cash equivalent. NASD Rule 2520(e)(2)(C), which refers to the definition of OTC margin bond as stated in Regulation T, 12 CFR 220.2(t),⁷ is proposed to be amended to eliminate the "(t)" because Regulation T, 12 CFR 220.2 has been amended to eliminate subsection numbering. NASD Rule 2520(f)(2)(H)(iv), which refers to cash equivalents as "those instruments referred to in Section 220.8(a)(3)(ii) of Regulation T," is proposed to be amended to change the reference to "Section 220.2 of Regulation T."

Amendments to Conform Rule 2520 to Recent Amendments to NYSE Rule 431

Option Products and Interest Rate Composites. NASD Rule 2520 currently

⁵ See 61 FR 20386 (May 6, 1996) (Federal Reserve Board's release adopting certain changes to Regulation T).

⁶ See Securities Exchange Act Release No. 38708 (June 2, 1997) (Commission order approving SR-NYSE-97-01, margin rule changes by NYSE).

⁷ The definition of OTC margin bond in Regulation T, 12 CFR 220.2 refers to several types of debt securities with specifically defined characteristics, all of which are sold or traded over-the-counter, not on an exchange.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Letter from Elliot R. Curzon, Assistant General Counsel, NASD Regulation, to Katherine A. England, Assistant Director, Division of Market Regulation ("Market Regulation"), Commission, dated May 30, 1997 ("NASD Amendment No. 1").

⁴ 12 CFR 220.1 through 19 (1996).