

Acquiring Fund and Acquired Fund, respectively.

8. The distribution of the Issued Shares to the shareholders of the Acquired Fund will be accomplished by the establishment of an open account on the share records of the Acquiring Fund in the name of each shareholder of the Acquired Fund and representing the respective *pro rata* number of Issued Shares of the same class as, and equal in value to the value of, the Exchanged Shares held by such shareholder at the Effective Date. Exchanged Shares held in an open account with the transfer agent of the Acquired Fund will automatically become the number of Issued Shares provided for above and be held in an open account with the transfer agent of the Acquiring Fund.

9. The Agreement provides that the Acquired Fund will make one or more distributions to shareholders prior to the Effective Date which, together with all previous distributions, will have the effect of distributing to its Class A and B shareholders all of its net investment income and capital gains for the period from the close of its last fiscal year to the close of business on the Effective Date and any undistributed amounts thereof from the last fiscal year.

10. On May 22, 1997, the board of directors of the Company and the board of trustees of the Trust (collectively, the "Boards"), including their disinterested directors and trustees, respectively, unanimously approved the Agreement. In deciding to approve the Agreement, the Boards concluded that the Reorganization would operate in the best interests of the relevant Fund and its shareholders and that the interests of the shareholders of each Fund would not be diluted as a result of the Reorganization.

11. In deciding to approve the Agreement and recommend it to the shareholders of the Acquired Fund, the Board of the Trust reviewed information related to the following factors: (1) Performance of the Funds; (2) Funds' fees and expenses; (3) Funds' growth rate and economies of scale; (4) the similarities of the Funds; (5) the tax-free nature of the transaction; and (6) lack of dilution of the interests of the Acquired Fund shareholders.

12. All costs of the Reorganization, including the costs of printing and mailing the prospectus/proxy statement and the costs of the special meeting of shareholders of the Acquired Fund scheduled for September 5, 1997 (the "Meeting"), will be borne by SAAMCo and not by either Fund.

13. A definitive prospectus/proxy statement relating to the Meeting was filed with the SEC on July 8, 1997.

Applicants sent the prospectus/proxy statement to shareholders of the Acquired Fund on July 8, 1997, for their approval at the Meeting.

14. The Agreement sets forth certain conditions to the consummation of the Reorganization, including the approval of the Reorganization by shareholders of the Acquired Fund, receipt of an opinion of counsel as to tax matters, and receipt of the SEC order requested in the application.

15. The Agreement and the Reorganization may be terminated by either Board notwithstanding approval by the shareholders of the Acquired Fund at any time prior to the Effective Date if circumstances should develop that, in the opinion of either Board, make proceeding with the Agreement inadvisable. Applicants agree not to make any material changes to the Agreement without prior SEC approval.

Applicants' Legal Analysis

1. Section 17(a) generally prohibits an affiliated person of a registered investment company, or any affiliated person of such person, from selling any security to or purchasing any security from the company. Section 2(a)(3)(C) defines the term "affiliated person" of another person to include any person controlling, controlled by, or under common control with such person.

2. Rule 17a-8 exempts from the prohibitions of section 17(a) mergers, consolidations, or purchases or sales of substantially all of the assets of registered investment companies that are affiliated persons solely by reason of having a common investment adviser, common directors/trustees, and/or common officers, provided that certain conditions are satisfied.

3. Applicants believe that they may not rely on rule 17a-8 in connection with the Reorganization because the Acquiring Fund and the Acquired Fund may be affiliated for reasons other than those set forth in the rule. Specifically, SunAmerica Inc. indirectly owns 100% of the outstanding voting securities of each of SAAMCo and SACS, the adviser to and distributor of, respectively, both Funds. As of June 30, 1997, the record date for the Meeting, SunAmerica Inc. also owns with the power to vote approximately 32% of the outstanding shares of the Acquiring Fund.² Because of this ownership, applicants believe that the Acquiring Fund may be deemed an affiliated person of an affiliated person of the Acquired Fund, and vice

² SunAmerica Inc. does not own any of the outstanding shares of the Acquired Fund as of June 30, 1997.

versa, for reasons not based solely on their common adviser.

4. Section 17(b) authorizes the SEC to exempt a proposed transaction from section 17(a) if the terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned; the proposed transaction is consistent with the policies of each registered investment company concerned and the general purposes of the Act.

5. Applicants submit that the terms of the Reorganization satisfy the standards set forth in section 17(b), in that the terms are fair and reasonable and do not involve overreaching on the part of any person concerned. Applicants note that each Board, including the non-interested trustees and directors, as applicable, reviewed the terms of the Reorganization as set forth in the Agreement, including the consideration to be paid or received, and found that participation in the Reorganization as contemplated by the Agreement is in the best interests of the Company, the Trust, and each Fund, and that the interests of existing shareholders of each Fund will not be diluted as a result of the Reorganization. Applicants also note that the exchange of the Acquired Fund's assets and liabilities for the shares of the Acquiring Fund will be based on the Funds' relative net asset values.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-23952 Filed 9-9-97; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39008; File No. SR-Amex-97-32]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by American Stock Exchange, Inc. Relating to Board Telephone Conferencing and Exchange Official Qualification Requirements

September 3, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on August 20, 1997, the American Stock Exchange, Inc. ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission")

¹ 15 U.S.C. 78s(b)(1).

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.

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

The Exchange is proposing to amend Article II, Section 2 of the Exchange Constitution to (i) permit Governors to attend Board meetings by means of a conference telephone, and (ii) clarify that individuals who are employed by or associated with a member organization in a senior capacity may be appointed as Exchange Officials. The text of these statements may be examined at the places specified in Item IV below.

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 sections 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

In order to facilitate the fullest possible participation in board meetings, it is proposed that Article II, Section 2 of the Exchange Constitution be amended to provide that participation in a meeting of the Board of Governors by means of a conference telephone or similar communications equipment, which allows all persons participating in the meeting to hear each other at the same time, shall constitute presence in person at a meeting. New York law permits this procedure, but only if the appropriate authorization is contained in the corporate by-laws (in the case of the Exchange, its Constitution). It has become common in corporate America to provide for this convenience, and the New York Stock Exchange and most other self-regulatory organizations permit it as well.²

In addition, it is proposed that Article II, Section 2 of the Exchange Constitution be amended to clarify the description of the pool of individuals who are qualified to serve as Exchange Officials. Particularly as upstairs firms have grown and developed more complex organizations, the senior employees who are so well qualified to serve as Exchange Officials may not easily be described as "principal executive officers" or "control persons." Accordingly, we would expand the Constitutional qualification to include individuals who are employed by or associated with a member organization in a senior capacity.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act³ in general and furthers the objectives of Section 6(b)(5)⁴ in particular in that it is designed to promote just and equitable principles of trade and protect 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

Because the foregoing proposed rule change: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) does not become operative for 30 days from August 20, 1997, the date on which it was filed, and the Exchange provided the Commission with written notice of its intent to file the proposed rule change at least five business days prior to the filing date, it has become operative pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(e)(6) thereunder.⁵

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(5).

⁵ 17 CFR 240.19b-4(e)(6).

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 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 Room. Copies of the filing will also be available for inspection and copying at the principle office of the Amex. All submissions should refer to the file number SR-Amex-97-32 and should be submitted by October 1, 1997.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-23956 Filed 9-9-97; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39010; File No. SR-CBOE-97-39]

Self-Regulatory Organizations; Notice of Filing of and Order Granting Accelerated Approval to Proposed Rule Change by the Chicago Board Options Exchange, Incorporated Relating to Amendments to the Exchange's Telephone Solicitation Rule

September 3, 1997.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934, 15 U.S.C. 78s(b)(1), notice is hereby given that on August 25, 1997, the Chicago Board Options Exchange, Incorporated ("CBOE 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

² See Article IV, Section 5 of the New York Stock Exchange Constitution.

⁶ 17 CFR 200.30-3(a)(12).