of the New ONEOK Common Stock outstanding before conversion of any of the Series A Convertible Preferred Stock into New ONEOK Common Stock and up to 45% of the New ONEOK Common Stock that would be outstanding after conversion of all such stock. The present shareholders of ONEOK Common Stock will hold shares of New ONEOK Common Stock representing at least 90.1% of the New ONEOK Common Stock then outstanding and not less than 55% of the New ONEOK Common Stock that would be outstanding after conversion of all of the Series A Convertible Preferred Stock to be held by WRI.

WRI and New ONEOK will enter into a shareholder agreement (''Shareholder Agreement''), upon the closing of the Transactions, which will place certain restrictions on WRI's actions as a New ONEOK shareholder during the term of the Shareholder Agreement.[13] Among other things, the Shareholder Agreement will provide that the ''Shareholder Group'' (defined as WRI, its affiliates, partners and certain other persons and groups contemplated by Section 13(d) of the Securities Exchange Act of 1934) will be prohibited from acquiring (1) any Voting Securities (as defined in the Shareholder Agreement) that would cause the Shareholder Group to have more than a 9.9% Voting Ownership Percentage,[14] prior to the occurrence of a Regulatory Change (as defined in the Shareholder Agreement),[15] or (2) any securities that would, at any time, cause the Shareholder Group's Total Ownership Percentage[16] to exceed the Maximum Ownership Percentage specified in the Shareholder Agreement.[17] The Shareholder Agreement gives the Shareholder Group certain ''top-up'' and ''dilutive issuance'' rights that enable the Shareholder Group to ensure that the Voting Ownership Percentage does not fall below 9.9% and the Total Ownership Percentage does not fall below the Maximum Ownership Percentage. The Shareholder Agreement will also impose certain restrictions on WRI's ability to vote[18] or transfer the securities of New ONEOK.

Applicant states that the proposed Transactions satisfy all of the requirements of Sections 9(a)(2) and 10 under the Act.[19] In addition, WRI and ONEOK have requested a no-action letter from the Commission in connection with the proposed Transactions seeking assurances that WRI's ownership interest in New ONEOK will not cause NEW ONEOK to be deemed a ''subsidiary'' of WRI or WRI to be deemed a ''holding company'' under the Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–27522 Filed 10–16–97; 8:45 am]

BILLING CODE 8010–01–M

split or similar events). In addition, any shares of the Series A Convertible Preferred Stock transferred by WRI to any person other than WRI or its affiliates is required to be converted into New ONEOK Common Stock.

[13] The Shareholder Agreement terminates under certain circumstances described in Article V of the agreement.

[14] ''Voting Ownership Percentage'' means the Voting Power (as defined in the Shareholder Agreement) represented by New ONEOK Common Stock and shares of any other class of capital stock of New ONEOK then entitled to vote in the election of directors (not including Convertible Preferred Stock) (''Voting Securities'') beneficially owned by the person whose voting ownership percentage is being determined.

[15] The Shareholder Agreement states that a ''Regulatory Change'' will be deemed to have occurred upon the receipt by WRI of an opinion of counsel (which counsel must be reasonably acceptable to New ONEOK) to the effect that either (1) the 1935 Act has been repealed, modified, amended or otherwise changed or (2) WRI has received an exemption, or, in the unqualified opinion of WRI's counsel, is entitled without any regulatory approval to claim an exemption, or has received an approval or no-action letter from the Commission or its staff under the 1935 Act or has registered under the 1935 Act, or any combination of the foregoing, and as a consequence of (1) and/or (2), WRI may fully and legally exercise such rights under the Shareholder Agreement as take effect in the period after the Regulatory Change has occurred.

[16] ''Total Ownership Percentage'' means the Voting Power (as defined in the Shareholder Agreement) which would be represented by the Securities Beneficially Owned (as defined in the Shareholder Agreement) by the Person whose Total Ownership Percentage is being determined if all shares of Convertible Preferred Stock (as Defined in the Shareholder Agreement), or other Securities convertible into Voting Securities (as defined in the Shareholder Agreement), Beneficially Owned by such Person were converted into shares of Common Stock (or other Voting Security.

[17] The Shareholder Agreement defines ''Maximum Ownership Percentage'' as a Total Ownership Percentage of 45%, less the Voting Power (as defined under the Shareholder Agreement) represented by all Voting Securities (as defined in the Shareholder Agreement) transferred by the Shareholder Group during the term of the Shareholder Agreement, including the Voting Power represented by any shares of Convertible Preferred Stock which were converted into shares of New ONEOK Common Stock contemporaneously with such transfer pursuant to the terms of the Shareholder Agreement.

[18] Among other things, the Shareholder Agreement provides that, with respect to the election of directors to New ONEOK's board of directors, WRI will vote all New ONEOK Common Stock held by it in accordance with the recommendation of New ONEOK's nominating committee. The New ONEOK nominating committee recommends nominees to fill vacancies on the board, establishes procedures to identify potential nominees, recommends criteria for membership on the board, and recommends the successor chief executive officer when a vacancy occurs. The New ONEOK By-laws provide that the chief executive officer of New ONEOK must be elected by the affirmative vote of 80% of the directors of New ONEOK.

[19] Section 9(a)(2) makes it unlawful, without approval of the Commission under Section 10, ''for any person * * * to acquire, directly or indirectly, any security of any public utility company, if such person is an affiliate * * * of such company and of any other public utility or holding company, or will by virtue of such acquisition become such an affiliate.'' Commission approval under Section 9(a)(2) is required because WRI (which is already an affiliate of its subsidiary, KGE) will become an affiliate of New ONEOK as a result of the proposed Transactions.

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 22850; 812–10808]

Security First Trust, et al.; Notice of Application

October 10, 1997.

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

ACTION: Notice of application for exemption under section 6(c) of the Investment Company Act of 1940 (the ''Act'') from section 15(a) of the Act.

Summary of Application: Signet Banking Corporation (''Signet''), parent of Virtus Capital Management, Inc. (''Subadviser''), has entered into an agreement and plan of merger with First Union Corporation (''First Union''). The indirect change in control of the Subadviser will result in the assignment, and thus the termination, of the existing subadvisory contract between Security First Investment Management Corporation (''Adviser'') on behalf of Security First Trust (''Fund''), and the Subadviser. The order would permit the implementation, without shareholder approval, of a new investment subadvisory agreement for a period of up to 120 days following the date of the change in control of the Subadviser (but in no event later than April 30, 1998). The order also would permit the Subadviser to receive all fees earned under the new subadvisory agreement following shareholder approval.

Applicants: Fund, Adviser, and the Subadviser.

Filing Dates: The application was filed on October 7, 1997. Applicants have 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 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 November 4, 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, NW., Washington, DC 20549. Applicants, c/o Rosemary D. Van Antwerp, Esq., Evergreen Keystone Investment Services Inc., 200 Berkeley Street, Boston, Massachusetts 02116.

FOR FURTHER INFORMATION CONTACT: John K. Forst, Attorney Advisor, at (202) 942–0569, 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 Street, NW., Washington, DC 20549 (tel. 202–942–8090).

Applicants' Representations

1. The Fund is a Massachusetts business trust registered under the Act as an open-end management investment company. The Fund currently offers two series, the Virtus Equity Series and Virtus U.S. Government Income Series (the ''Portfolios''), to the public. The Adviser and the Subadviser, a wholly-owned subsidiary of Signet, are investment advisers registered under the Investment Advisers Act of 1940. The Fund and the Adviser have entered into a sub-advisory agreement for the Portfolios.

2. On July 18, 1997, First Union entered into an agreement and plan of merger with Signet, under which Signet would be merged with and into First Union in exchange for shares of common stock of First Union in exchange for shares of common stock of First Union (the ''Transaction''). As a result of the Transaction, Signet will become a wholly-owned subsidiary of First Union and the Subadviser will remain a wholly-owned subsidiary of Signet. Applicants expect consummation of the Transaction on November 13, 1997.

3. Applicants request an exemption to permit implementation, prior to obtaining shareholder approval, of a new investment subadvisory agreement between the Adviser and the Subadviser, on behalf of the Fund, (''New Agreement''). The requested exemption will cover an interim period of not more than 120 days beginning on the date the Transaction is consummated and continuing through the date on which the New Agreement is approved or disapproved by the shareholders of each Portfolio, but in no event later than April 30, 1998 (the ''Interim Period''). Applicants state that the New Agreement will be identical in substance to the existing investment subadvisory agreement (''Existing Agreement''). The contractual rates chargeable for subadvisory services under the New Agreement will remain the same as under the Existing Agreement.

4. On October 7, 1997, the Fund's board of trustees held an in-person meeting to evaluate whether the terms of the New Agreement are in the best interests of the Fund and its shareholders. At the meeting, a majority of the members of the board, including a majority of members who are not ''interested persons'' of the Fund, as that term is defined in section 2(a)(19) of the Act (the ''Independent Trustees''), voted in accordance with section 15(c) of the Act to approve the New Agreement and to submit the New Agreement to the shareholders of each of the Portfolios at meetings expected to be held in February, 1998 (the ''Meetings'').

5. Applicants expect that proxy materials for the Meetings will be mailed during January 1998. Applicants believe that the requested relief is necessary to permit continuity of investment management for the Fund during the Interim Period and to prevent disruption of the services for the Fund.

6. Applicants also request an exemption to permit the Subadviser to receive from the Fund, upon approval by its shareholders, all fees earned under the New Agreement during the Interim Period. Applicants state that the fees paid during the Interim Period will be unchanged from the fees paid under the Existing Agreement.

7. Applicants propose to enter into an escrow arrangement with an unaffiliated financial institution. The fees payable to the Subadviser during the Interim Period under the New Agreement will be paid into an interest-bearing escrow account maintained by the escrow agent. The escrow agent will release the amounts held in the escrow account (including any interest earned): (a) To the Adviser only upon approval of the relevant New Agreement by the shareholders of the Portfolios; or (b) to the relevant Portfolio if the Interim Period has ended and its New Agreement has not received the requisite shareholder approval. Before any such release is made, the Independent Trustees of the Fund will be notified.

Applicants' Legal Analysis

1. Section 15(a) of the Act provides, in pertinent part, that it is unlawful for any person to serve as an investment adviser to a registered investment company, except pursuant to a written contract that has been approved by the vote of a majority of the outstanding voting securities of the investment company. Section 15(a) further requires the written contract to provide for its automatic termination in the event of its ''assignment.'' Section 2(a)(4) of the Act defines ''assignment'' to include any direct or indirect transfer of a contract by the assignor, or of a controlling block of the assignor's outstanding voting securities by a security holder of the assignor.

2. Applicants state that, following the completion of the Transaction, Signet will become a wholly-owned subsidiary of First Union. Applicants believe, therefore, that the Transaction will result in an ''assignment'' of the Existing Agreement and that the Existing Agreement will terminate by its terms upon consummation of the Transaction.

3. Rule 15a–4 provides, in pertinent part, that if an investment advisory contract with an investment company is terminated by an assignment in which the adviser does not directly or indirectly receive a benefit, the adviser may continue to serve for 120 days under a written contract that has not been approved by the company's shareholders, provided that: (a) The new contract is approved by that company's board of directors (including a majority of the non-interested directors); (b) the compensation to be paid under the new contract does not exceed the compensation that would have been paid under the contract most recently approved by the company's shareholders; and (c) neither the adviser nor any controlling person of the adviser ''directly or indirectly receives money or other benefit'' in connection with the assignment. Applicants state that because of the benefits to Signet, the Subadviser's parent, arising from the Transaction, applicants may not rely on rule 15a–4.

4. Section 6(c) provides that the SEC may exempt any person, security, or transaction from any provision of the Act, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Applicants

believe that the requested relief meets this standard.

5. Applicants note that the terms and timing of the Transaction were determined by First Union and Signet and arose primarily out of business considerations beyond the scope of the Act and unrelated to the Fund and the Subadviser, including the time needed to obtain federal and state banking approvals for the Transaction. Applicants submit that it is in the best interests of shareholders of the Fund to avoid any interruption in services to the Fund, to allow sufficient time for the consideration and return of proxies, and to hold a shareholders meeting.

6. Applicants submit that the scope and quality of services provided to the Fund during the Interim Period will not be diminished. During the Interim Period, the Subadviser would operate under the New Agreement, which would be substantively the same as the Existing Agreement, except for its effective date. Applicants submit that if the personnel providing material services pursuant to the New Agreement change materially, the Subadviser will apprise and consult with the Fund's board of trustees to assure that the board (including a majority of the Independent Trustees) is satisfied that the services provided by the Subadviser will not be diminished in scope or quality. Accordingly, the Fund should receive, during the Interim Period, the same subadvisory services, provided in the manner, at the same fee levels as the Fund received before the Transaction.

7. Applicants contend that the best interests of shareholders of the Fund would be served if the Subadviser receives fees for its services during the Interim Period. Applicants state that the fees are essential to maintaining the subadviser's ability to provide services to the Fund. In addition, the fees to be paid during the Interim Period will be unchanged from the fees paid under the Existing Agreements, which have 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 requisite shareholder approvals are obtained, or (b) to the respective Portfolio, in the absence of shareholder approval with respect to such Portfolio.

3. The Fund will hold a meeting 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 April 30, 1998).

4. Either First Union or the Subadviser will bear the costs of preparing and filing the application, and costs relating to the solicitation of shareholder approval of the Fund 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 Fund during the Interim Period will be at least equivalent, in the judgment 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 board, including a majority of the Independent Trustees of the Fund, 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. 97–27594 Filed 10–16–97; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

''FEDERAL REGISTER'' CITATION OF PREVIOUS ANNOUNCEMENT: [62 FR 53040, October 10, 1997].

STATUS: Closed Meeting.

PLACE: 450 Fifth Street, N.W., Washington, D.C.

DATE PREVIOUSLY ANNOUNCED: October 7, 1997.

CHANGE IN THE MEETING: Time Change/Deletions.

The closed meeting scheduled for Tuesday, October 14, 1997, at 11:00 a.m. was changed to Tuesday, October 14, 1997, at 2:00 p.m. and the following items were not considered:

Institution of injunctive actions.

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: October 15, 1997.

Jonathan G. Katz,

Secretary.

[FR Doc. 97–27755 Filed 10–15–97; 3:43 pm]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–39225; File No. SR–Phlx–97–32]

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Respecting the Public Order Exposure System for PACE Orders

I. Introduction

On June 30, 1997, the Philadelphia Stock Exchange, Inc. (''Phlx'' or ''Exchange'') 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 extend the duration of its automatic execution system order exposure time period for eligible orders from the current 15 seconds to 30 seconds.

The proposed rule change was published for comment in Securities Exchange Act Release No. 38864 (July 23, 1997), 62 FR 40882 (July 30, 1997). No comments were received on the proposal. This order approves the proposed rule change.

II. Description

The operation of the Philadelphia Stock Exchange Automatic Communication and Execution (''PACE'') System is governed by Phlx Rule 229 (''PACE Rule''). The PACE System is the Exchange's automatic order routing and executing system for securities on its equity trading floor.

With respect to market orders entered into PACE, Supplementary Material .05 to the PACE Rule provides that, in ⅛ point markets or greater, round-lot market orders up to 500 shares and partial round-lot (''PRL'') market orders up to 599 shares (*i.e.*, orders that combine a round-lot with an odd-lot order) are stopped at the PACE Quote [3]

[1] 15 U.S.C. § 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The PACE Quote consists of the best bid/offer among the American, Boston, Cincinnati, Chicago, New York, Pacific and Philadelphia Stock Exchanges as well as the Intermarket Trading System/Computer Assisted Execution System (''ITS/CAES''). *See* PACE Rule.