

2. The Global Fund is a fund organized under the laws of Bermuda that invests in a portfolio of South African and international securities. Old Mutual Fund Holdings is the sole shareholder of the Global Fund. The Trust and the Global Fund are managed by Old Mutual Asset Managers (Bermuda) Limited, a wholly-owned subsidiary of Old Mutual.

3. Persetel Holdings Limited ("Persetel") is a South African corporation. Its ordinary shares are listed on the JSE. In December of 1996 Persetel conducted a private placement of 70.5 million of its ordinary shares for the purpose of financing an acquisition. On January 15, 1997 (the "Trade Date"), the Global Fund subscribed for a total of 2,000,000 ordinary shares of Persetel (the "Persetel Shares") at U.S. \$6.23 per share, which represented a 10% discount from the Persetel Shares' market price on the Trade Date. On February 3, 1997 (the "Settlement Date"), the Global Fund purchased the Persetel Shares at U.S. \$6.40, which represented a 14.67% discount from the market price (the "February Price"). Applicants have stated that it is common practice in the South African equity markets for shares to be offered to large institutional investors at a discount to the market price.

4. Applicants propose that the Global Fund sell the Persetel Shares to the Trust. The purchase price to be paid by the Trust will be the February Price plus carrying costs relating to the investment (the "Purchase Price"). These carrying costs will reimburse the Global Fund for its estimated cost of funds (the overnight LIBOR plus 0.5%) from the Settlement Date through the date on which the Trust purchases the Persetel Shares (the "Trust Purchase Date").

Applicants' Legal Analysis

1. Section 17(a) of the Act prohibits any affiliated person of a registered investment company, acting as principal, knowingly to sell or purchase securities to or from the company. Section 2(a)(3) of the Act defines "affiliated person" of another person to include (a) any person directly or indirectly owning, controlling, or holding with power to vote 5% or more of the outstanding voting securities of the other person, (b) any person directly or indirectly controlling, controlled by, or under common control with the other person, or (c) if the other person is an investment company, any investment adviser of that person.

2. The Trust and the Global Fund are controlled by Old Mutual. The Trust and the Global Fund also share a common investment adviser. Thus, the

Trust and the Global Fund are "affiliated persons" within the meaning of section 2(a)(3) of the Act. As a result, a sale of securities by the Global Fund to the Trust is prohibited by section 17(a) of the Act.

3. Section 17(b) of the Act provides that the SEC may exempt a transaction from the prohibitions of section 17(a) if the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transaction is consistent with the policy of the registered investment company concerned and with the general purposes of the Act.

4. Applicants submit that the requested relief meets the standards set forth in section 17(b). Applicants state that the trustees of the Trust and the Adviser have reviewed the proposed investment in detail, taking into consideration and nature of the investment, the fairness of the Purchase Price, and each of the factors set forth in Section 17(b) of the Act. On February 14, 1997, the board of trustees of the Trust, including a majority of the independent trustees of the Trust, including a majority of the independent trustees, approved the Trust's purchase of the Persetel Shares.

5. In evaluating the terms of the proposed transaction, the trustees of the Trust also considered the fact that the Purchase Price will include reimbursement of an affiliated person (i.e., the Global Fund) for its carrying costs from the Settlement Date through the Trust Purchase Date. Applicants state that the trustees of the Trust believe that it is fair for the Trust to reimburse the Global Fund for these amounts if it proceeds with the proposed transaction because the Trust will receive the benefit of the discounted price paid by the Global Fund for the Persetel Shares and any appreciation in the value of the Persetel Shares from the Settlement Date through the Trust Purchase Date. Applicants represent that, if the Purchase Price exceeds the current market price of the Persetel Shares on the Trust Purchase Date, the Trust will cancel the proposed transaction and not purchase the Persetel Shares from the Global Fund.

6. Applicants state that the proposed transaction would comply with the requirements of rule 17a-7,¹ except that the Purchase Price will be below market

¹ Rule 17a-7 permits certain purchase and sale transactions between an investment company and certain of its affiliated persons provided that certain conditions are met, including that the transaction be effected at the current market price of the security.

price and the Trust and the Global Fund are not affiliated persons solely by reason of having a common investment adviser or investment advisers which are affiliated persons of each other, common directors, and/or common officers.

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

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-26765]

Filings Under the Public Utility Holding Company Act of 1935, as Amended ("Act")

October 17, 1997.

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated thereunder. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendments thereto is/are available for public inspection through the Commission's Office of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by November 10, 1997, to the Secretary, Securities and Exchange Commission, Washington, DC 20549, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. Any request for hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After said date, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

West Texas Utilities Company

[70-8057]

West Texas Utilities Company ("WTU"), 301 Cypress Street, Abilene, Texas 79601-5820, a wholly owned electric public-utility subsidiary company of Central and South West

Corporation, a registered holding company, has filed a post-effective amendment to its declaration under sections 6(a) and 7 of the Act and rule 54 thereunder.

By order dated October 7, 1992 (HCAR No. 25649) ("Order"), WTU was authorized, among other things, to issue and sell up to an aggregate principal amount of \$150 million of First Mortgage Bonds ("Bonds"), in one or more series, from time to time through December 31, 1994. WTU was authorized to use the proceeds from the sale of Bonds (1) to redeem all or a portion of its then outstanding \$75 million, 8 $\frac{7}{8}$ % First Mortgage Bonds, Series N, due May 1, 2016 ("Series N Bonds"), (2) to purchase, through a tender offer, all or a portion of its then outstanding \$65 million, 9 $\frac{1}{4}$ % first mortgage bonds, Series O, due December 1, 2019 ("Series O Bonds"), and (3) to repay outstanding short-term borrowings or for other general corporate purposes. In October 1992, WTU issued \$75 million of Bonds pursuant to the Order. The net proceeds from the sale of the Bonds were used to redeem the Series N Bonds.

By order dated December 19, 1994 (HCAR No. 26194) ("First Supplemental Order"), the Commission extended from December 31, 1994 to December 31, 1996, the authorization to issue and sell the remaining \$75 million of Bonds.

In March 1995, WTU issued \$40 million of Bonds pursuant to the Order and the First Supplemental Order. The net proceeds were used to repay a portion of WTU's short-term debt and to reimburse WTU's treasury for reacquiring approximately \$10 million of its Series O Bonds.

By order dated July 26, 1995 (HCAR No. 26340) ("Second Supplemental Order"), the Commission granted WTU authority to issue and sell, through December 31, 1997, up to an additional \$95 million of first mortgage bonds which, together with the remaining \$35 million authorized to be issued and sold pursuant to the Order and the First Supplemental Order, would authorize WTU to issue and sell up to an additional aggregate principal amount of \$130 million of first mortgage bonds (collectively, "New Bonds"), which may have maturities not less than two nor more than 40 years.

As stated in the Second Supplemental Order, the proceeds from the sale of the New Bonds will be used to (1) redeem all or a portion of WTU's outstanding \$55.203 million, Series O Bonds and/or (2) to repay a portion of WTU's short-term debt, to provide working capital

and for other general corporate purposes.

WTU now proposes that the Commission extend its authority to issue the New Bonds, pursuant to the terms and conditions set forth in the Order, the First Supplemental Order and the Second Supplemental Order, through December 31, 2002.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39253; File No. SR-Amex-97-35]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by American Stock Exchange, Inc. Relating to Amendments to Rule 120 (Units of Trading)

October 17, 1997.

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

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

The Amex proposes to amend Exchange Rule 120 to provide for a unit of trading in bonds other than \$1,000 in par value. The text of the proposed rule change is available at the Office of the Secretary, the Amex and 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 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 Statutory Basis for, the Proposed Rule Change

(1) Purpose

Amex Rule 120 provides for a unit of trading in bonds of \$1,000 in par value, except for U.S. Government issues, for which the unit of trading is the minimum denomination in which such securities are issued. Rule 120 also provides that a unit of trading in stocks is 100 shares, unless the Exchange fixes a lesser amount.

There are instances where bond issuers and broker-dealers underwriting bond issuances desire an exchange-listing of bonds with a unit of trading greater than \$1,000 in par value. For example, an issuer or underwriter may prefer a unit of trading of \$100,000 or \$250,000 in par value per trading unit in specific cases. Such issuances, which currently trade on the New York Stock Exchange, can be expected to appeal primarily to institutional investors and to trade infrequently.

The Amex believes it is appropriate and competitively desirable to clarify its authority to allow listing and trading of such issues. Rule 120, therefore, is proposed to be amended in a manner similar to NYSE Rule 55 to specifically provide that a unit of trading of other than \$1,000 in par value may be designated by the Exchange for specific issues of bonds denominated in U.S. dollars for foreign currencies.

(2) Statutory Basis

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

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

The Exchange does not believe that the proposed rule change will impose a burden on competition.

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78(b)(5).