

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 at the Commission's Public Reference Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the Phlx. All submissions should refer to File No. SR-Phlx-94-75 and should be submitted by February 22, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>2</sup>

**Margaret H. McFarland,**  
*Deputy Secretary.*

[FR Doc. 95-2386 Filed 1-31-95; 8:45 am]

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[Release No. 34-35283; File No. SR-Phlx-94-58]

**Self-Regulatory Organizations;  
Philadelphia Stock Exchange, Inc.;  
Order Granting Approval to Proposed  
Rule Change Relating to Rule 229  
Governing Execution of PACE Orders**

January 26, 1995.

On December 1, 1994, 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")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to provide Phlx specialists with the opportunity to effect price improvement for market orders in securities sent through the Philadelphia Stock Exchange Automated Communication and Execution System ("PACE"). On December 12, 1994, the Exchange filed with the Commission Amendment No. 1 to the proposed rule change.<sup>3</sup>

The proposed rule change, together with Amendment No. 1, was published for comment in Securities Exchange Act Release No. 35089 (December 12, 1994),

59 FR 65423 (December 19, 1994). No comments were received on the proposal. This order approves the proposed rule change.

The Phlx proposes to amend the Supplementary Material section to its Rule 229 to provide Phlx specialists the opportunity to effect price improvement for market orders in securities sent through PACE when the spread between the PACE Quote, which reflects the consolidated national best bid and offer, exceeds  $\frac{1}{8}$  point in any PACE eligible security.<sup>4</sup> The proposed rule change provides for an automatic stop of such orders and a 15 second execution delay, allowing a Phlx specialist to manually provide for price improvement during the 15 second delay.<sup>5</sup> Specifically, the proposal provides that all round-lot market orders of up to 500 shares and all combined round-lot and odd-lot market orders of up to 599 shares will be stopped at the PACE Quote at the time of entry into PACE (stopped at the best bid for sell orders; at the best ask for buy orders) and will be subject to a delay of up to 15 seconds before being executed in order to provide an opportunity for price improvement.<sup>6</sup> If a particular market order is not executed within 15 seconds, the order will be automatically executed at the stop price. PACE market orders will receive automatic and immediate execution when the PACE Quote at the time of order entry reflects a spread between the best bid and offer of  $\frac{1}{8}$  point.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, including the requirements of Section 6(b) of the Act.<sup>7</sup> In particular, the Commission believes the proposal is

<sup>4</sup> Only agency orders may be executed through PACE. Supplementary Material .02 to Phlx Rule 229.

<sup>5</sup> According to the Phlx, the proposed rule change does not apply to limit orders, including marketable limit orders, because such orders are executed manually and, therefore, already have an opportunity for price improvement. Telephone conversation between William W. Uchimoto, Vice President and General Counsel, Phlx, and Glen Barrentine, Senior Counsel, SEC, on December 9, 1994.

<sup>6</sup> PACE does not require automatic execution of round-lot market orders greater than 500 shares or combined round-lot and odd-lot market orders greater than 599 shares. Supplementary Material .05 and .06 to Phlx Rule 229. To the extent a specialist agrees to automatic execution of larger market orders, such orders would also be subject to a delay of up to 15 seconds before being executed in order to provide an opportunity for price improvement. Telephone conversation between William W. Uchimoto, Vice President and General Counsel, Phlx, and Glen Barrentine, Senior Counsel, SEC, on January 26, 1995.

<sup>7</sup> 15 U.S.C. 78f(b) (1988).

consistent with the Section 6(b)(5) requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public.

The Commission believes that this rule will protect investors and the public interest by providing small orders routed through PACE with the possibility for price improvement through order exposure without imposing a significant burden on the economically efficient execution of these transactions. As a result, adoption of this proposal should benefit investors while also helping the Phlx to retain equity order flow and thereby remain competitive with the other regional exchanges, each of which has previously adopted order exposure features into its small order routing and execution systems. Prior to this rule change, the Phlx was the only securities exchange whose small order execution system for equities did not offer an opportunity for price improvement. In its Market 2000 report, the SEC's Division of Market Regulations recommended that the Phlx include such a feature in its small order execution system.<sup>8</sup> The Phlx's proposed rule change is responsive to that recommendation.

*It is therefore ordered,* pursuant to Section 19(b)(2) of the Act,<sup>9</sup> that the proposed rule change (SR-Phlx-94-58) be, and hereby is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

**Margaret H. McFarland,**  
*Deputy Secretary.*

[FR Doc. 95-2426 Filed 1-31-95; 8:45 am]

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[Release No. 34-35264; File No. SR-SCCP-94-9]

**Self-Regulatory Organizations; Stock  
Clearing Corporation of Philadelphia;  
Notice of Filing and Immediate  
Effectiveness of Proposed Rule  
Change Relating to the Automated  
Customer Account Transfer Service  
and the ACAT-Fund/SERV Interface**

January 23, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

<sup>8</sup> Division of Market Regulation, Securities and Exchange Commission, Market 2000: An Examination of Current Equity Market Developments (Jan. 1994), Study V at 4 n. 19.

<sup>9</sup> 15 U.S.C. 78s(b)(2) (1988).

<sup>10</sup> 17 CFR 200.30-3(a)(12) (1994).

<sup>2</sup> 17 CFR 200.30-3(a)(12) (1994).

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

<sup>2</sup> 17 CFR 240.19b-4 (1994).

<sup>3</sup> See letter from William W. Uchimoto, Vice President and General Counsel, Phlx, to Glen Barrentine, Senior Counsel, SEC, dated December 12, 1994. Amendment No. 1 made certain clarifying changes to the proposed rule change.

("Act"),<sup>1</sup> notice is hereby given that on December 8, 1994, the Stock Clearing Corporation of Philadelphia ("SCCP") 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 prepared primarily by SCCC. On December 27, 1994, and on January 4, 1995, SCCC amended the filing.<sup>2</sup> 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**

SCCP proposes to amend its procedures to comply with New York Stock Exchange ("NYSE") rule 412, which sets forth the time for transferring customer accounts,<sup>3</sup> and with National Securities Clearing Corporation ("NSCC") Rule 50, Section 9,<sup>4</sup> which governs NSCC's Automated Customer Account Transfer ("ACAT") Service.<sup>5</sup> SCCC also proposes to begin using the ACAT-Fund/SERV link<sup>6</sup> on March 3, 1995, in compliance with the NYSE requirement that all mutual fund account transfers be accomplished by use of an automated system where the NYSE member organizations are participants in a registered clearing agency which has such a facility.

### **II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

In its filing with the Commission, SCCC included statements concerning

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

<sup>2</sup> Letters from J. Keith Kessel, Compliance Officer, SCCC, to Margaret Robb, Staff Attorney, Division of Market Regulation ("Division"), Commission (December 23, 1994, and December 27, 1994).

<sup>3</sup> For a complete description of the recent amendments to NYSE Rule 412, refer to Securities Exchange Act Release No. 34633 (September 2, 1994), 59 FR 467872 [File No. SR-NYSE-94-21] (order approving amendments to NYSE Rule 412).

<sup>4</sup> For a complete description of the recent amendments to NSCC's Rule 50, Section 9, refer to Securities Exchange Act Release No. 34879 (October 21, 1994), 59 FR 44229 [File No. SR-NSCC-94-13] (other approving modifications to NSCC's ACAT Service to accelerate the time in which customer accounts are transferred).

<sup>5</sup> For a complete description of NSCC's ACAT system, refer to Securities Exchange Act Release No. 22481 (September 30, 1985), 50 FR 41274 [File No. SR-NSCC-85-7] (order approving proposed rule change establishing ACAT Service).

<sup>6</sup> SCCC is not a member of NSCC's Fund/SERV; however, membership in Fund/SERV is not necessary to use the ACAT-Fund/SERV link. Telephone conversation between Karen L. Saperstein, Association General Counsel and Vice President/Director of Legal, NSCC, and Peter R. Geraghty, Senior Counsel, Division, Commission, and Margaret J. Robb, Staff Attorney, Division, Commission (January 6, 1995).

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. SCCC 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*

NSCC's ACAT Service is an input, comparison, and settlement service for customer account transfers from one brokerage firm to another. SCCC's proposal is consistent with NSCC's recent amendments to NSCC Rule 50, Section 9 which shortened the period in which a participant that is to receive a transferred account has to review the transfer instructions and reply thereto. The completed transfer cycle will be reduced to allow a three day validation period and a four day delivery period for all accounts including cash margin, retirement, and qualified accounts. The entire account transfer cycle is thus reduced from ten business days to seven business days for transferring cash or margin accounts and from fifteen business days to seven business days for transferring qualified or retirement accounts. The portion of SCCC's filing containing these procedures is consistent with the NYSE and NSCC proposals; therefore, SCCC's procedures also take effect on December 2, 1994.

SCCP's proposed rule change also proposes to modify its ACAT-SERV interface<sup>7</sup> with NSCC to comply with the NYSE requirement that generally all mutual fund account transfers must be accomplished by using the automated by using the automated systems of a registered clearing agency where both the receiving broker-dealer and the delivering broker-dealer are participants in a registered clearing agency which has such a facility. In accordance with NYSE Rule 412, this change will be effective March 3, 1995.<sup>8</sup>

SCCP believes the proposed rule change is consistent with Section 17A of the Act is that it promotes the prompt and accurate clearance and settlement of securities transactions. SCCC believes that its proposed rule change setting

<sup>7</sup> For a detailed description of NSCC's ACAT-Fund/SERV interface, refer to Securities Exchange Act Release No. 27454 (November 20, 1989), 54 FR 48962 [File No. SR-NSCC-89-12] (order approving modification of NSCC's ACAT Service rules to provide for the automated transfer of eligible book share mutual fund assets).

<sup>8</sup> *Supra* note 2.

forth the shortened time period for transferring accounts is appropriate because it properly reflects the changes set forth by the NYSE and NSCC in their efforts to enhance automation of the transfer process. In addition, the rule change is consistent with the Commission's effort to reduce the settlement cycle as required by Rule 15c6-1 which mandates a three business day settlement cycle for most broker-dealer transactions effective June 7, 1995.<sup>9</sup>

#### *(B) Self-Regulatory Organization's Statement on Burden on Competition*

SCCP does not believe that the proposed rule change will have an impact or impose a burden on competition.

#### *(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others*

SCCP has not solicited or received comments on the proposed rule change.

### **III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action.**

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)<sup>10</sup> of the Act and pursuant to Rule 19b-4(e)(4)<sup>11</sup> promulgated thereunder because the proposal effects a change in an existing service of SCCC that does not adversely affect the safeguarding of securities or funds in the custody or control of SCCC and does not significantly affect the respective rights of obligations of SCCC or persons using the service. At any time within sixty days of the filing of such 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.

### **IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submission should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 20549. Copies of the

<sup>9</sup> For a complete description of Rule 15c6-1, refer to Securities Exchange Act Release Nos. 33023 (October 6, 1993), 58 FR 52891 [File No. S7-5-93] (order adopting Commission Rule 15c6-1) and 34952 (November 9, 1994), 59 FR 59137 [File No. S7-5-93] (change of effective date of Rule 15c6-1).

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A)(iii) (1988).

<sup>11</sup> 17 CFR 240.19b-4(e)(4) (1994).

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 Section, 450 Fifth Street NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of SCCP. All submissions should refer to File No. SR-SCCP-94-9 and should be submitted by February 22, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>12</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 95-2427 Filed 1-31-95; 8:45 am]

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[Investment Company Act Rel. No. 20862; 812-9332]

### **Ambassador Funds, et al.; Notice of Application**

January 25, 1995.

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

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

**APPLICANTS:** Ambassador Funds ("Ambassador"); St. Clair Funds, Inc. ("St. Clair"); The Munder Funds, Inc. ("Munder"); Peoples S&P MidCap Index Fund, Inc. ("Peoples"); SEI Index Funds ("SEI," and, collectively with Ambassador, St. Clair, Munder, and Peoples, the "Funds"); Woodbridge Capital Management, Inc. ("Woodbridge"); WAM Holdings, Inc. ("WAM");<sup>1</sup> Old MCM, Inc. ("MCM," and, collectively with Woodbridge and WAM, the "Advisers");<sup>2</sup> and Munder Capital Management (the "New Adviser").

**RELEVANT ACT SECTIONS:** Exemption requested under section 6(c) from the provisions of section 15(a).

**SUMMARY OF APPLICATION:** Applicants seek a conditional order exempting them from the provisions of section

15(a). The Advisers have formed a partnership, the New Adviser, to succeed to and continue the advisory business of each Adviser. The order would permit the implementation, without shareholder approval, of a new investment advisory agreement for each Fund for a period of up to 120 days (the "Interim Period") after the termination of the existing investment advisory agreement of each Fund as a result of the transfer of the investment advisory businesses of the current advisers of the Funds (the "Advisers") to a partnership (the "New Adviser") formed by the Advisers. The order also would permit the New Adviser to receive fees earned under the new investment advisory agreements during the Interim Period following approval of the agreements by the shareholders of the Funds.<sup>3</sup>

**FILING DATES:** The application was filed on November 22, 1994, and amended on January 17 and 24, 1995.

**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 February 21, 1995, 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 such notification by writing to the SEC's Secretary.

**ADDRESSES:** Secretary, SEC, 450 Fifth Street, NW., Washington, DC 20549. Applicants: Ambassador and St. Clair, One Exchange Place, Boston, Massachusetts 02109; Peoples, 144 Glenn Curtiss Boulevard, Uniondale, New York 11556; SEI, 680 East Swedesford Road, Wayne, Pennsylvania 19087; Woodbridge and WAM, 100 Renaissance Center, Detroit, Michigan 48243; Munder, MCM, and the New Adviser, 480 Pierce Street, Birmingham, Michigan 48009.

**FOR FURTHER INFORMATION CONTACT:** Courtney S. Thornton, Senior Attorney, at (202) 942-0583, or C. David Messman, 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.

#### **APPLICANTS' REPRESENTATIONS:**

1. Each Fund is registered under the Act as an open-end management investment company. Each Fund offers one or more investment portfolios to the public.

2. Each Adviser is registered as an investment adviser under the Investment Advisers Act of 1940 (the "Advisers Act"). Woodbridge and WAM are subsidiaries of Comerica Investment Services, Inc. ("CIS"). CIS is, in turn, a subsidiary of Comerica Bank, which is a wholly-owned subsidiary of Comerica Incorporated ("Comerica"), a publicly-held bank holding company. Woodbridge serves as sole investment adviser to each investment portfolio of Ambassador, St. Clair, and SEI. Until December 31, 1994, WAM served as Peoples' sole investment adviser. MCM, a Delaware corporation in which Mr. Lee P. Munder owns a controlling stock interest, currently serves as sole investment adviser to each investment portfolio of Munder.

3. In August, 1994, representatives of CIS and MCM began discussions regarding the possible creation of a new general partnership, the New Adviser, to succeed to the investment advisory businesses of the Advisers. On November 2, 1994, Comerica and the Advisers entered into a definitive joint venture agreement, which provided for the contribution of the investment advisory business of each Adviser to the New Adviser, which was created on December 31, 1994. The partners of the New Adviser are the Advisers (which will continue to be controlled by Comerica and Mr. Munder, respectively) and Employee Group, L.L.C., a newly-organized company through which employees of the New Adviser may acquire partnership interests.

4. Consummation of the joint venture agreement (the "Closing") was subject to a number of contingencies, including consent by the Office of the Comptroller of the Currency (the "OCC") to the participation of Woodbridge and WAM in the transaction. The boards of directors or boards of trustees, as applicable, (the "Governing Boards") of the Funds believed that it was in the interests of the Funds and their shareholders not to commence the solicitation of proxies to approve the new investment advisory agreement until it was reasonably certain that the

<sup>12</sup> 17 CFR 200.30-3(a)(12) (1994).

<sup>1</sup> Prior to December 30, 1994, WAM was known as "World Asset Management, Inc."

<sup>2</sup> Prior to January 4, 1995, MCM was known as "Munder Capital Management, Inc."

<sup>3</sup> In the case of Peoples and SEI, the new investment advisory agreement will be with a newly-organized, wholly-owned subsidiary of the partnership. For purposes of this notice, the term "New Adviser" refers to both the partnership referred to above and this wholly-owned subsidiary.