

9. Vanguard will administer the investment of cash balances in and operation of the Joint Account without payment of any additional fee or compensation. The investment adviser of each Fund will collect its fees based upon the assets of the Fund, which include the value of any assets the Fund has invested in the Joint Account.

10. The Board of Directors (Trustees) of each Fund will adopt procedures pursuant to which the Joint Account will operate, which will be reasonably designed to provide that the requirements of the application will be met. Each Board will make and approve such changes as it deems necessary to ensure that such procedures are followed. In addition, the Boards will determine, no less frequently than annually, that the Joint Account has been operated in accordance with such procedures and will only permit a Fund to continue to participate in a Joint Account if it determines that there is a reasonable likelihood that the Fund and its shareholders will benefit from the Fund's continued participation.

11. The administration of the Joint Account will be within the fidelity bond coverage required by section 17(g) of the Act and rule 17g-1 thereunder.

12. Short-Term Investments held through the Joint Account generally will not be sold prior to maturity except: (a) If the officers or employees of Vanguard believe the security no longer presents minimal credit risk; (b) in the case of taxable and tax-exempt securities, if as a result of a credit downgrading or otherwise, the security no longer satisfies the investment criteria of all Funds participating in that investment; or (c) in the case of a repurchase agreement, if the counterparty defaults. A Fund may, however, sell its fractional portion of a Short-Term Investment prior to the maturity of the investment if the cost of such transaction will be borne solely by the selling Fund and the transaction would not adversely affect the other Funds participating in the Short-Term Investment. In no case would an early termination by less than all participating Funds be permitted if it would reduce the principal amount or yield received by other funds participating in a particular Short-Term Investment or otherwise adversely affect the other participating Funds. Each Fund participating in the Short-Term Investment will be deemed to have consented to such sale and partition of the Short-Term Investment.

13. Any Short-Term Investment held through the Joint Account with a remaining maturity of more than seven days will be considered illiquid and, for any Fund that is an open-end

management investment company registered under the Act, subject to the restriction that the Fund may not invest more than 15% (or such other percentages as set forth by the SEC from time to time) of its net assets in illiquid securities, if the Fund cannot sell its fractional interest in the Short-Term Investment pursuant to the requirements described in the preceding condition.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-26712 Filed 10-17-96; 8:45 am]

BILLING CODE 8010-01-M

Sunshine Act Meeting

"FEDERAL REGISTER" CITATION OF PREVIOUS ANNOUNCEMENT: [To be Published].

STATUS: Closed Meeting.

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

DATE PREVIOUSLY ANNOUNCED: To be Published.

CHANGE IN THE MEETING: Additional Item.

The following item will be considered at a closed meeting scheduled to be held on Wednesday, October 16, 1996, at 10:00 a.m.:

Opinion.

Commissioner Wallman, as duty officer, determined that Commission business required the above change 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: October 16, 1996.

Jonathan G. Katz,
Secretary.

[FR Doc. 96-26928 Filed 10-16-96; 2:10 pm]

BILLING CODE 8010-01-M

[Release No. 34-37811; File No. SR-CSE-96-08]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Cincinnati Stock Exchange Relating to Continuous or Regular Quotation Obligations

October 11, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is

hereby given that on October 3, 1996, the Cincinnati Stock Exchange ("CSE" 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 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 CSE hereby proposes to issue a reiteration and clarification of its rules concerning dealer obligations to provide continuous, two-sided quotations. Members will be notified of this reiteration and clarification by means of a Regulatory Circular ("Circular").¹

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

The purpose of the proposed rule change is to clarify the obligations of Designated Dealers to provide continuous quotations during the trading day. The Circular to be disseminated following approval of the proposal will provide guidance concerning quotation obligations at the opening and intra-day, during computer systems problems and unusual market conditions and will delineate enforcement standards. It will reiterate the obligations of a Designated Dealer to display a two-sided quotation immediately following the opening of the security on the primary market, and immediately to reestablish a quotation if that quotation is taken out during the day as a result of a transaction. The Exchange will thus reemphasize the

¹ The text of the Circular may be examined at the places specified in Item IV, *infra*.