

included underwriting discounts and commissions of 5.0%. Applicant states that the initial public offering of the Shares was conducted in compliance with all applicable rules of the National Association of Securities Dealers, Inc. ("NASD"). Applicant notes that, in particular, the underwriting terms and arrangements were reviewed and approved by the NASD pursuant to section 44 of Article III of the NASD's Rules of Fair Practice (recodified as rule 2740 of the Conduct Rules) governing corporate financing.

7. Furthermore, applicant states that the Trust will only invest in securities issued by closed-end investment companies that are traded on the open market. Applicant states that therefore, no front-end sales loads, contingent deferred sales charges, 12b-1 fees, or other distribution fees or redemption fees will be charged in connection with the purchase or sale of any of the Underlying Funds by the Trust. Applicant states that, although the Trust will likely incur brokerage commissions in connection with its open market purchases of securities of closed-end investment companies, these commissions will not differ from commissions otherwise incurred in connection with the purchase or sale of comparable portfolio securities. In addition, applicant states that, by purchasing the securities of closed-end investment companies in the secondary market, the Trust avoids the payment of any underwriting spreads common during the initial offering of such shares.

8. Applicant states that the Adviser would continue to charge the Trust an annual investment advisory fee in an amount equal to 0.45% of the average weekly net asset value of the Trust. Applicant states that such fee would be for services that are in addition to and not duplicative of the investment advisory services that are being furnished to the Underlying Funds. Applicant states that, the Adviser anticipates that it will devote significant resources to evaluating and monitoring individual portfolio securities, as well as the overall portfolio structure, of Term Trusts in which it invests or considers for investment, to ensure the appropriateness of such investments and their consistency with the Trust's investment objective. Thus, while shareholders of the Trust would indirectly bear their proportional share of the advisory fees and administrative expenses charged to the Underlying Funds, applicant does not believe that there would be the duplication of fees.

9. Applicant believes that the concern about undue complexity is not present

under the proposed arrangement because the Trust agrees, as a condition to relief, that it will not knowingly invest in any Underlying Fund that, at the time of acquisition, acquires securities of any other investment company in excess of the limits contained in section 12(d)(1)(A). Under this condition, applicant represents that it will determine whether a prospective Underlying Fund is a "fund of funds" at the time of acquisition. However, applicant states that, if an Underlying Fund subsequently acquires securities of other investment companies in excess of the limits of section 12(d)(1), the Trust will not be required to divest itself of its holdings. Applicant argues that because the Underlying Funds are unaffiliated with the Trust, the Trust cannot bind or control the Underlying Funds.

10. Section 12(d)(1)(J) provides that the SEC may exempt any person or transaction from any provision of section 12(d)(1) if and to the extent such exemption is consistent with the public interest and the protection of investors. Applicant submits that, under the circumstances and conditions of the application, the requested exemption is in the public interest and consistent with the protection of investors.

#### Applicant's Conditions

Applicant agrees that the order granting the requested relief shall be subject to the following conditions:

1. The Trust will comply with section 12(d)(1)(F) in all respects except for the sales load limitation of section 12(d)(1)(F)(ii).

2. The Trust will not knowingly acquire securities of an Underlying Fund which, at the time of acquisition, owns securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act.

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

Margaret H. McFarland,  
Deputy Secretary.

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[Release No. 34-38151; File No. SR-DCC-96-15]

### Self-Regulatory Organizations; Delta Clearing Corp.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the Amendment of Fees Charged for Options

January 10, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on December 11, 1996, Delta Clearing Corp. ("DCC") 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 DCC. 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 purpose of the proposed rule change is to amend DCC's fee schedule for the clearance of options on U.S. Government Securities.

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

In its filing with the Commission, DCC included statements concerning the purpose of and statutory basis for the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. DCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.<sup>2</sup>

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

The purpose of the proposed rule change is to amend DCC's fee schedule for the clearance of options on U.S. Treasury Securities as follows:

Options maturity	Fee
Overnight up to 14 days.	\$5 per option contract per participant.
15 days up to 90 days.	\$10 per option contract per participant.

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

<sup>2</sup> The Commission has modified parts of these statements.

Options maturity	Fee
91 days up to 2 years	\$15 per option contract per participant.

The proposed rule change complies with Section 17A(b)(3)(D) of the Act<sup>3</sup>, which requires that the rules of a registered clearing agency provide for equitable allocation of reasonable dues, fees, and other charges for services which it provides to its participants. DCC believes the proposed rule change will result in increased utilization of its clearing services thereby resulting in more securities transactions being cleared and settled through a registered clearing agency environment.

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

DCC does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Comments were neither solicited nor received.

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

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

Because the foregoing rule change establishes or changes a due, fee, or other charge imposed by DCC, it has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>4</sup> and Rule 19b-4(e)(2) thereunder.<sup>5</sup> At any time within sixty 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.

#### 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 Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at DCC. All submissions should refer to the File No. SR-DCC-96-15 and should be submitted by February 11, 1997.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>6</sup>

Margaret H. McFarland,

Deputy Secretary.

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#### **Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Municipal Securities Rulemaking Board Relating to Interpretation of Rule G-12(h) on Close-Outs**

January 13, 1997.

On December 23, 1996, the Municipal Securities Rulemaking Board ("Board" or "MSRB") filed with the Securities and Exchange Commission ("Commission" or "SEC") a proposed rule change (File No. SR-MSRB-96-13), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").<sup>1</sup> The proposed rule change is described in Items I, II, and III below, which Items have been prepared by the Board. 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 Board is filing an interpretive notice concerning rule G-12(h) on Close-Outs (hereinafter referred to as "the proposed rule change"). The rule currently requires that a dealer taking action in a close-out must provide telephonic notice to the appropriate party, followed no later than the next business day with a written notice.<sup>2</sup> The

<sup>6</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> Telephonic and written notices are required when dealers (i) originate a close-out; (ii) retransmit a close-out; (iii) extend delivery dates; and (iv) execute a close-out. The Board's Manual on Close-

rule further requires that written notices be sent "return receipt requested." The Board previously has interpreted this provision to allow the use of certified mail, registered mail, messenger services, and Depository Trust Company's Participant Exchange Service ("PEX") system. Use of these procedures allows the sender to obtain acknowledgement of delivery of the notice from the recipient.

#### 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 Board 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 Board 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

Dealers have asked whether the use of a facsimile transmission would satisfy the requirement in the rule that written notices be sent "return receipt requested." The Board has determined that the requirements of the rule would be satisfied by the facsimile transmission of written notices as long as the facsimile transmission provides the sender with an acknowledgment of successful delivery of the notice. The Board emphasizes that, prior to the sending of written notices, dealers are required to notify the appropriate parties by telephone of their intention to take action under Board rule G-12(h) on close-outs.

##### (2) Statutory Basis

The Board believes the proposed rule change is consistent with Section 15B(b)(2)(C) of the Act,<sup>3</sup> which provides that the Board's rules shall:

Be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities, to remove impediments to and perfect the mechanism of a free and open

Out Procedures contains a detailed explanation of the procedures required by rule G-12(h).

<sup>3</sup> 15 U.S.C. 78o-4(b)(2)(C).

<sup>3</sup> 15 U.S.C. 78q-1(b)(3)(D).

<sup>4</sup> 15 U.S.C. 78q-1(b)(3)(A).

<sup>5</sup> 17 CFR 240.19b-4(e)(2).