

interest. The registration statement was declared effective on June 4, 1993, and applicant commenced the initial public offering of its securities immediately thereafter. On March 15, 1995, applicant filed a registration statement on Form N-2 with respect to an additional 595,821 shares of beneficial interest, and filed a pre-effective amendment with respect to 3,167,380 shares of beneficial interest on September 26, 1995. This registration statement was declared effective on November 28, 1995.

3. On February 16, 1996, applicant's board of trustees ("Trustees") approved by unanimous written consent an agreement and plan of reorganization ("Plan"), providing for the transfer of all of applicant's assets in exchange for shares of common stock of Emerging Markets Growth Fund, Inc. ("Acquiring Fund"), a closed-end investment company. In approving the Plan, the Trustees considered: (a) The potential benefits of the Plan to applicant's shareholders, (b) the compatibility of investment objectives, policies, restrictions and investment holdings of applicant and the Acquiring Fund, (c) the terms and conditions of the Plan that might affect the price of applicant's outstanding shares, and (d) the direct or indirect costs to be incurred by applicant or its shareholders. The Trustees concluded that participation in the Plan was in the best interests of applicant and its shareholders.

4. Applicant and the Acquiring Fund may be deemed affiliated persons of each other within the meaning of the Act because they have two common shareholders, each of whom owned more than 5% of the outstanding shares of applicant and the Acquiring Fund. Because applicant and Acquiring Fund were unable to rely on the exemption provided in rule 17a-8,¹ applicant, the Acquiring Fund, and two affiliated shareholders of both funds received an order under section 17(b) of the Act granting an exemption from section 17(a), which permitted the Acquiring Fund to acquire all of applicant's assets.²

5. On May 31, 1996, an information statement/prospectus was mailed to all shareholders of record as of April 30, 1996. This information statement contained a consent solicitation

requesting the vote of each shareholder on the approval of the Plan, the distribution of such shares to applicant's shareholders in liquidation of applicant, and applicant's subsequent dissolution. A registration statement on Form N-14 containing the information statement/prospectus was filed with the Commission on April 24, 1996. Approval of the Plan required the written consent of a majority of the shares outstanding and entitled to vote; holders of 12,205,648 shares (100% of the outstanding shares) provided their written consent to the Plan.

6. As of June 21, 1996, applicant had 12,663,070 shares outstanding with a net asset value of \$22.03 and an aggregate net asset value of \$278,920,093.23. To effect the liquidation of applicant, an open account was established on the share records of the Acquiring Fund in the name of each of applicant's shareholders representing the number of shares of common stock of the Acquiring Fund with a net asset value equal to the net asset value of applicant's shares owned of record by the shareholder as of June 21, 1996. The number of Acquiring Fund shares issued (including fractional shares) in exchange for applicant's assets was determined by dividing the value of applicant's net assets by the per share net asset value of the Acquiring Fund on that date.

7. Expenses incurred in connection with the Plan, including fees for legal and accounting services, amounted to \$160,226.77. Under the Plan, applicant and the Acquiring Fund were each responsible for one half of the costs incurred.

8. At the time of the application, applicant had no shareholders, assets, or liabilities, nor was applicant a party to any litigation or administrative proceeding. Applicant is not engaged, nor does it propose to engage, in any business activities other than those necessary for the winding-up of its affairs.

9. Upon issuance of the order requested, applicant will file a termination of trust with the Massachusetts Secretary of State, deregistering applicant as a Massachusetts business trust.

For the SEC, by the Division of Investment Management, under delegated authority.
Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-5836 Filed 3-7-97; 8:45 am]

BILLING CODE 8010-01-M

[Rel. No. IC-22538; 811-6410]

Strong Insured Municipal Bond Fund, Inc.; Notice of Application

March 4, 1997.

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

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

APPLICANT: Strong Insured Municipal Bond Fund, Inc.

RELEVANT ACT SECTION: Section 8(f).

SUMMARY OF APPLICATION: Applicant requests an order declaring that it has ceased to be an investment company.

FILING DATES: The application was filed on November 20, 1996 and amended on February 25, 1997.

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 applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on March 31, 1997, and should be accompanied by proof of service on applicant 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 5th Street, N.W., Washington, DC 20549. Applicant, 100 Heritage Reserve, Menomonee Falls, Wisconsin 53051.

FOR FURTHER INFORMATION CONTACT: Suzanne Krudys, Senior Counsel, at (202) 942-0641, or Mercer E. Bullard, Branch Chief, (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.

Applicant's Representations

1. Applicant, a registered open-end investment company, was organized as a Wisconsin corporation on December 12, 1990. On September 13, 1991, applicant registered under the Act and filed a registration statement under section 8(b) of the Act and the Securities Act of 1933. The registration statement was declared effective on November 25, 1991 and applicant's initial public offering commenced that same day.

¹ Rule 17a-8 provides relief from the affiliated transaction prohibition of section 17(a) of the Act for a merger of investment companies that may be affiliated persons of each other solely by reason of having a common investment adviser, common directors, and/or common officers.

² Investment Company Act Release Nos. 21952 (May 10, 1996) (notice) and 22006 (June 5, 1996) (order).

Applicant initially registered under the name Strong B Fund, Inc. and changed its name to Strong Insured Municipal Bond Fund, Inc. on November 4, 1991.

2. At a meeting held on April 24, 1996, the board of directors of applicant unanimously approved the Agreement and Plan of Reorganization ("Reorganization Agreement") whereby applicant would exchange its assets for shares of Strong Municipal Bond Fund, Inc. ("Bond Fund"). The Reorganization Agreement provided: (i) for the transfer of all of applicant's assets to the Bond Fund less a reserve for liabilities in exchange for shares of Bond fund ("Bond Fund Shares") equal in value to applicant's net assets; (ii) the pro rata distribution of the Bond Fund Shares to applicant's shareholders in liquidation of applicant; (iii) the cancellation of applicant's shares; and (iv) deregistration of applicant as an investment company under the Act.

3. At the April 24 meeting, applicant's directors, (i) in reliance on rule 17a-8 under the Act,¹ found that participation in the reorganization was in the best interest of applicant and its shareholders and that the interests of applicant's shareholders would not be diluted as a result of the reorganization, (ii) authorized the preparation and filing of proxy solicitations, and (iii) called a shareholders meeting. In making its determination that the reorganization was in the best interest of applicant's shareholders, the board noted that the relatively small size of applicant had prevented it from realizing significant economies of scale or reducing its expense ratio, and had been a factor in causing its performance to lag its competitors in recent periods. The board also considered that, because of heightened competition in the insurance industry, most municipal securities are now insurable. As a result, the board recognized that applicant, which sought to keep its assets in insured municipal securities, was no longer unique and therefore was less attractive to investors. The board determined that the reorganization offered the greatest likelihood of addressing the asset size and growth problem while reorganizing applicant into an investment company with an identical investment objective and similar investment policies and restrictions. The board further noted

¹ Section 17(a) of the Act generally prohibits sales or purchases of securities between registered investment companies and any affiliated person of that company. Rule 17a-8 provides an exemption from section 17(a) for certain reorganizations among registered investment companies that may be affiliated persons, or affiliated persons of an affiliated person, solely by reason of having a common investment adviser, common directors, and/or common officers.

that the reorganization would result in continuity of investment services (advisory, transfer agent and distributor services) and no sales or other charges would be imposed on any shares of the Bond Fund acquired by shareholders in the reorganization.

4. On May 24, 1996, the Reorganization Agreement was entered into by applicant, the Bond Fund, and with respect to certain matters, Strong Capital Management, Inc., the investment adviser of both applicant and the Bond Fund. Proxy materials relating to the merger (which were contained in the Bond Fund's registration statement on Form N-14) were filed with the SEC on May 24, 1996, and mailed to applicant's shareholders on July 3, 1996. The Reorganization Agreement was approved by applicant's shareholders on August 27, 1996.

5. As of August 30, 1996, the date of the transfer of assets, there was an aggregate of 2,885,713.293 shares of outstanding common stock of applicant having an aggregate net asset value of \$29,090,061.39 and a per share value of \$10.08. In accordance with the Reorganization Agreement, applicant transferred its assets to the Bond Fund in exchange for 3,235,825.05 shares of the Bond Fund. Such shares were equal in value to applicant's net asset value. Such Bond Fund Shares received by applicant were then distributed pro rata to applicant's shareholders in complete liquidation of applicant. No brokerage commissions were paid in the exchange.

6. The total expenses incurred in connection with the Reorganization, consisting of legal, accounting, proxy solicitation, liquidation, and other related administrative fees and expenses, were approximately \$92,903. The applicant and Bond Fund each paid for their own expenses in connection with entering into and carrying out the transactions contemplated by the Reorganization Agreement. The adviser waived all of applicant's unamortized organizational expenses of \$3,600.

7. The applicant has no shareholders, assets, debts or liabilities. Applicant is not a party to any litigation or administrative proceeding. Applicant is not engaged, nor does it propose to engage, in any business activities other than those necessary for the winding up of its affairs.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-5838 Filed 3-7-97; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-38353; File No. SR-CBOE-96-59]

Self-Regulatory Organizations; Order Approving Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval to Amendment Nos. 1 and 2 to Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to the Listing and Trading of Options on the Morgan Stanley Multinational Company Index

February 28, 1997.

I. Introduction

On October 1, 1996, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") submitted to the Securities and Exchange Commission ("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 list and trade cash-settled, European-style stock index options on the Morgan Stanley Multinational Company Index ("Index"),³ a broad-based, capitalization-weighted index comprised of 50 large domestic companies, as more fully described below.

The proposed rule change appeared in the Federal Register on October 15, 1996.⁴ No comments were received on the proposed rule change. The Exchange subsequently filed Amendment Nos. 1 and 2 to the proposed rule change on December 23, 1996 and on February 5, 1997, respectively.⁵ This order approves the CBOE's proposal, as amended, and solicits comments on Amendment Nos. 1 and 2.

II. Description

The Exchange is proposing to list and trade cash-settled, European-style stock index options on the Morgan Stanley Multinational Company Index, a broad-based, capitalization-weighted index composed of 50 high-capitalization

¹ 15 U.S.C. § 78s(b)(1)(1988).

² 17 CFR 240.19b-4.

³ The CBOE has clarified that the name of the Index will be the Morgan Stanley Multinational Company Index. See letter from Scott Lyden, Research & Product Development, CBOE, to Stephen M. Youhn, Division of Market Regulation ("Division"), Commission, dated February 5, 1997 ("Amendment No. 2").

⁴ See Securities Exchange Act Release No. 37790 (October 4, 1996), 61 FR 53774 (October 15, 1996).

⁵ See letter from William M. Speth, Senior Research Analyst, Product Development, Research Department, CBOE, to Stephen M. Youhn, Division, Commission, dated December 23, 1996 ("Amendment No. 1"). In Amendment No. 1, the CBOE emended its rule filing regarding, among other things, its maintenance procedures. See *infra* notes 8 and 9, and accompanying text.