investment company. Applicant submits that the Funds may be affiliated persons of each other pursuant to section 2(a)(3) of the Act by reason of being under common control of the Adviser. Applicant asserts that section 17(a)(1) was designed to prevent sponsors of investment companies from using investment company assets as capital for enterprises with which they are associated or acquire controlling interests in such enterprises. Applicant submits that the sale of securities issued by the various Funds pursuant to the Plan does not implicate Congress' concerns in enacting this section, but merely facilitates the matching of the liabilities for Compensation Deferrals with the Designated Investments, the value of which determines the amount of such liabilities.

8. Section 17(b) authorizes the SEC to exempt a proposed transaction from section 17(a) if evidence establishes that: (a) The terms of the transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching; (b) the transaction is consistent with the policy of each registered investment company concerned; and (c) the transaction is consistent with the general purposes of the Act. Applicant submits that all Funds meet the standards for relief under section 17(b) of the Act. Applicant further submits that the requested relief from various provisions of the Act meets the standards for an exemption set forth in section 6(c) of the Act.

9. Section 17(d) and rule 17d–1 are designed to limit or prevent a registered investment company's joint or joint and several participation with an affiliated person in a transaction in connection with any joint enterprise or other joint arrangement or profit-sharing plan ''on a basis different from or less advantageous than that of'' the affiliated person. Applicant asserts that any adjustments made to the Deferral Accounts to reflect the income, gain, or loss with respect to the Designated Investments would be identical to the changes in share value experienced by any investor in the same investments during the same period, but whose securities were not held in a Deferral Account. The participating trustee would neither directly nor indirectly receive a benefit that would otherwise inure to the Funds or to any of their shareholders, and thus the Plan would not constitute a joint or joint and several participation by any Fund with an affiliated person on a basis different from or less advantageous than that of the affiliated person. Applicant asserts that the deferral of a trustee's fees in accordance with the Plan would maintain the parties, viewed both separately and in their relationship to one another, in the same position (apart from tax effects) as would occur if the trustees' fees were paid on a current basis and then invested by the trustee directly in the Designated Investments.

Applicant's Conditions

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

1. With respect to the requested relief from rule 2a–7, any money market fund that values its assets by the amortized cost method will buy and hold the Designated Investments that determine the performance of Deferral Accounts to achieve an exact match between the liability of any such Fund to pay Compensation Deferrals and the assets that offset that liability.

2. If a Fund purchases Designated Investments issued by an affiliated Fund, the Fund will vote such shares in proportion to the votes of all other holders of shares of such affiliated Fund.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–13100 Filed 5–19–97; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

Agency Sunshine Act Meetings

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94–409, that the Securities and Exchange Commission will hold the following meetings during the week of May 19, 1997.

An open meeting will be held on Friday, May 23, 1997, at 2:00 p.m. A closed meeting will be held on Friday, May 23, 1997, following the 2:00 p.m. open meeting.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, the recording secretaries will attend the closed meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his option, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(4), (8), (9)(A) and (10) and 17 CFR 200.402(a)(4), (8), (9)(i) and (10), permit consideration of the scheduled matters at the closed meeting.

Commissioner Wallman, as duty officer, voted to consider the items listed for the closed meeting in a closed session.

The subject matter of the open meeting scheduled for Friday, May 23, 1997, at 2:00 p.m., will be:

Consideration of a concept release that would solicit comment on revising the Commission's oversight of alternative trading systems, national securities exchanges, and foreign market activities in the United States. The Commission is reevaluating its regulation of such entities in light of technology advances and the corresponding growth of alternative trading systems and cross-border trading opportunities. FOR FURTHER INFORMATION, please contact Kristen N. Geyer, Special Counsel, at (202) 942–0799; Gautam Gujral, Special Counsel, at (20) 942–0175; Marie Ito, Special Counsel, at (202) 942–4147; Paula R. Jenson, Deputy Chief Counsel, at (202) 942–0073; or Elizabeth King, Special Counsel, at (202) 942–0140.

The subject matter of the closed meeting scheduled for Friday, May 23, 1997, following the 2:00 p.m. open meeting, will be:

Institution and settlement of injunctive actions.

Institution and settlement of administrative proceedings of an enforcement nature.

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 at (202) 942–7070.

Dated: May 15, 1997.

Jonathan G. Katz,

Secretary.

[FR Doc. 97–13276 Filed 5–16–97; 10:54 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–38613; File No. SR–CBOE–97–09]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to an Increase in Position and Exercise Limits for Industry Index Options

May 12, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on February

[1] 15 U.S.C. § 78s(b)(1)(1988).

[2] 17 CFR 240.19b–4.

19, 1997, the Chicago Board Options Exchange, Inc. (''CBOE'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Exchange has requested accelerated approval for the proposal. This order approves the CBOE's proposal on an accelerated basis and solicits comments from interested persons.

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

The Exchange is proposing to amend its rules to increase position and exercise limits for narrow-based (or industry) index options from 6,000, 9,000, or 12,000 contracts to 9,000, 12,000, or 15,000 contract.[3]

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 Exchange 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 III below. The Exchange 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

Currently, Exchange Rules 24.4A and 24.5 provide that position and exercise limits for narrow-based index options be set at one of three levels depending upon the weightings of the component securities in such narrow-based index. Accordingly, a narrow-based index option will have a 6,000 contract limit if a single component security accounts for more than 30% of the index value; a 9,000 contract limit if a single component security accounts for more than 20% (but less than 30%) of the index value or any five component securities together account for more than 50% of the index value; and a 12,000 contract limit for those narrow-based indexes that do not fall within any one of the other categories.[4] Because the current stringent position limits create difficulties for investors, the Exchange is proposing to increase these limits to 9,000, 12,000, and 15,000 contracts, respectively, based on existing qualifications for determining the appropriate position limit tier set forth in Exchange Rule 24.4A.

The CBOE also notes that the existing levels have been in place since 1995.[5] The Exchange believes that the proposed limits of 9,000, 12,000, and 15,000 contracts will increase the depth and liquidity of the market for narrow-based index options without causing any market disruption. In addition, the Exchange will continue to monitor for possible manipulation and violations of the position and exercise limits through the use of the monitoring systems currently in place, and notes that to date it has not found it necessary to open any manipulation inquiries notwithstanding prior increases in position and exercise limits.

2. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act, in general, and furthers the objectives of Section 6(b)(5), in particular, in that it will allow investors to utilize narrow-based index options more fully as part of their investment portfolios as well as increase the depth and liquidity of the market, thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system in a manner consistent with the protection of 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 any inappropriate burden on competition.

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

Comments were neither solicited nor received with respect to the proposed rule change.

III. 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, NW., 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 at the Commission's Public Reference Section, 450 Fifth Street, NW., Washington, D.C. 20549. Copies of such filings also will be available for inspection and copying at the principal office of the CBOE. All submissions should refer to File No. SR–CBOE–97–09 and should be submitted by June 10, 1997.

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

The Commission finds that the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, the requirements of Section 6(b)(5) thereunder.

Since the inception of standardized options trading, the options exchanges have had rules imposing limits on the aggregate number of option contracts that a member or customer can hold or exercise. These rules are intended to prevent the establishment of large options positions that can be used or might create incentives to manipulate or disrupt the underlying market so as to benefit the options position. At the same time, the Commission has recognized that option position and exercise limits

[3] Position limits impose a ceiling on the number of option contracts which an investor or group of investors acting in concert may hold or write in each class of options on the same side of the market. (*i.e.*, aggregating long calls and short puts or long puts and short calls). Exercise limits prohibit an investor or group of investors acting in concert from exercising more than a specified number of puts or calls in a particular class within five consecutive business days.

[4] The CBOE currently lists options on over 20 narrow-based indices. As of January 15, 1997, the CBOE narrow-based indices at the 12,000 contract limit include CBOE Mexico Index, CBOE REIT Index, CBOE Telecommunications Index, CBOE Latin 15 Index, CBOE Technology Index, and CBOE Internet Index. As of January 15, 1997, the CBOE narrow-based indices at the 9,000 contract limit include S&P® Chemical Index, S&P® Health Care Index, S&P® Insurance Index, S&P® Retail Index, S&P® Transportation Index, CBOE Computer Software Index. CBOE Environmental Index, CBOE Gaming Index, CBOE Israel Index, CBOE Automotive Index, CBOE Oil Index, CBOE Gold Index, GSTI™ Hardware Index, GSTI™ Internet Index GSTI™ Multimedia Networking Index, GSTI™ Semiconductor Index, GSTI™ Services Index, and GSTI Software Index. Lastly, as of January 15, 1997, there are no narrow-based indices on the CBOE at the 6,000 contract limit.

[5] *See* Securities Exchange Act Release nO. 36439 (October 31, 1995), 60 FR 56075 (November 6, 1995) (order establishing position and exercise limits for narrow-based index options at 6,000, 9,000, or 12,000 contracts) (CBOE–95–56).

must not be established at levels that are so low as to discourage participation in the options market by institutions and other investors with substantial hedging needs or to prevent specialists and market makers from adequately meeting their obligations to maintain a fair and orderly market.

In this regard, the CBOE has stated that the current position limits discourage market participation by certain large investors and the institutions that compete to facilitate their trading. In addition, the CBOE notes that the index option trading volume has increased significantly since 1995, when the current narrow-based index option position limits were established. In light of the increased volume of narrow-based index option trading and the needs of investors and market makers, the Commission believes that the CBOE's proposal is a reasonable effort to accommodate the needs of market participants.

In addition, the Commission notes that the proposal, while increasing the positions limits for narrow-based index options, continues to reflect the unique characteristics of each index option and maintains the structure of the current three-tiered system. Specifically, the lowest proposed limit, 9,000 contracts, will apply to narrow-based index options in which a single underlying stock accounts, on average, for 30% or more of the index value during the 30-day period immediately preceding the Exchange's review of narrow-based index options positions limits. A position limit of 12,000 contracts will apply if any single underlying stock accounts, on average, for 20% or more of the index value or any five underlying stocks together account, on average, for more than 50% of the index value, but no single stock in the group accounts, on average, for 30% or more of the index value during the 30-day period immediately preceding the Exchange's review of narrow-based index option position limits. The 15,000 contract limit will apply only if the Exchange determines that the conditions requiring either the 9,000 contract limit or the 12,000 contract limit have not occurred.

The Commission believes that the proposed increases for the three tiers of 25%, 33%, and 50%, for highest to lowest, respectively, appear to be appropriate and consistent with the Commission's evolutionary approach to position and exercise limits. In this regard, the absence of discernible manipulative problems under the current three-tiered position and exercise limit system for narrow-based index options leads the Commission to conclude that the increases proposed by the Exchange are warranted. The Commission recognizes that there are no ideal limits in the sense that options positions of any given size can be stated conclusively to be free of any manipulative concerns. Based upon the absence of discernible manipulation or disruption problems under current limits, however, the Commission believes that the proposed limits can be safely considered. Accordingly, the Commission believes that the CBOE's proposed increases of existing position and exercise limits for narrow-based index options is appropriate.[6]

The Commission notes that the Exchange has had considerable experience monitoring the current three-tiered framework in narrow-based index options. The Commission has not found that differing position and exercise limit requirements based on the particular options product to have created programming or monitoring problems for securities firms, or to have led to significant customer confusion. Based on the current experience in handling position and exercise limits, the Commission believes that the proposed increase in position and exercise limits for narrow-based index options will not cause significant problems.

Finally, the Commission believes that the Exchange's surveillance programs are adequate to detect and to deter violations of position and exercise limits as well as to detect and deter attempted manipulative activity and other trading abuses through the use of such illegal positions by market participants.

The Commission finds good cause to approve the proposal prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register.** On October 24, 1996, the Commission approved an identical proposal for the Philadelphia Stock Exchange, Inc. (''Phlx'').[7] The Phlx's proposal was subject to the full comment period and generated no responses. Similarly, on January 23, 1997, the Commission granted accelerated approval to an identical proposal for the American Stock Exchange, Inc. (''Amex'').[8] Accordingly, the Commission believes that it is consistent with Sections 6(b)(5) and 19(b)(2) of the Act to approve the proposed rule change on an accelerated basis.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2)[9] of the Act, that the proposed rule change (File No. SR–CBOE–97–09) is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[10]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–13099 Filed 5–19–97; 8:45 am]

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[6] The Commission continues to believe that proposals to increase position limits and exercise limits must be justified and evaluated separately. After reviewing the proposed exercise limits, along with the eligibility criteria for each tier, the Commission has concluded that the proposed exercise limit increases for the three-tiered framework do not raise manipulation problems or increase concerns over market disruption in the underlying securities.

[7] *See* Securities Exchange Act Release No. 37863 (October 24, 1996), 61 FR 56599 (November 1, 1996) (order establishing position and exercise limits for narrow-based index options at 9,000, 12,000, or 15,000 contracts) (Phlx–96–33).

[8] *See* Securities Exchange Act Release No. 38202 (January 23, 1997), 62 FR 4555 (January 30, 1997) (order establishing position and exercise limits for narrow-based index options at 9,000, 12,000, or 15,000 contracts) (Amex–96–41).

[9] 15 U.S.C. § 78s(b)(2) (1988).

[10] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–38625; File No. SR–OCC–97–01]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of a Proposed Rule Change Permitting Certain Fund Shares To Satisfy Margin Requirements and Permitting the Use of Certain Fund Shares and Trust Units for Escrow Deposits

May 13, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on February 21, 1997, The Options Clearing Corporation (''OCC'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change (File No. SR–OCC–97–01) as described in Items I, II, and III below, which items have been prepared primarily by OCC. 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 proposed rule change will permit OCC participants to deposit with OCC certain shares issued by an open-end management investment company (''fund shares'') as a form of margin. The

[1] 15 U.S.C. 78s(b)(1).