

the limits contained in section 12(d)(1)(A) of the Act.

3. Before approving any advisory contract under section 15 of the Act, the board of trustees of a Fund, including a majority of the trustees who are not "interested persons" of the Fund as defined in section 2(a)(19) of the Act, will find that the advisory fees charged under the contract are based on services provided that are in addition to, rather than duplicative of, services provided under any New Underlying Fund advisory contract. This finding, and the basis upon which the finding was made, will be recorded fully in the minute books of the Fund.

4. Any sales charges or distribution or service-related fees charged with respect to shares of a Fund, when aggregated with any sales charges or distribution or service-related fees paid by the Fund with respect to the shares of any New Underlying Fund, will not exceed the limits set forth in rule 2830 of the NASD Conduct Rules.

5. Each Fund and each New Underlying Fund will be part of the same "group of investment companies," as defined in section 12(d)(1)(G)(ii) of the Act.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 97-27171 Filed 10-14-97; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meeting

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

STATUS: Closed Meeting.

PLACE: 450 Fifth Street, NW., Washington, DC.

DATE PREVIOUSLY ANNOUNCED: To be Published.

CHANGE IN THE MEETING: Time Change.

The time for the closed meeting scheduled for Tuesday, October 14, 1997, at 10:30 a.m., has been changed to 11:00 a.m.

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 9, 1997.

**Jonathan G. Katz,**

*Secretary.*

[FR Doc. 97-27436 Filed 10-10-97; 12:17 pm]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39219; File No. SR-CBOE-97-51]

October 8, 1997.

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to Gratuities

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act" or "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 25, 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, 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 Exchange proposes to amend Exchange Rule 4.4 ("Rule") governing gratuities. The text of the proposed rule change is available at the Office of the Secretary, CBOE and at the Commission.

#### 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.

<sup>1</sup> 15 U.S.C. § 78s(b)(1).

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

#### 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 change to Rule 4.4 is to increase the dollar value, from \$50.00 to \$100.00, of gratuities or compensation that may be given in any one year by an Exchange member to an Exchange employee without the prior consent of the Exchange. Gratuities are gifts of any kind, including, but not limited to, cash. Gratuities or compensation in an amount less than those specified in the Rule do not require any prior consent.

Currently, pursuant to Rule 4.4, the amount permitted under the Rule to be given by a CBOE member to an employee of any other member or of any non-member broker, dealer, bank or institution, without the prior consent of the employer and of the Exchange is \$100, and the amount permitted to be given by a CBOE member to an Exchange employee without prior Exchange permission is \$50. The CBOE proposes to increase the amount permitted to be given by a CBOE member to an Exchange employee from \$50 to \$100. The purpose of this change is to account for inflation that has occurred since the \$50 amount was established in 1980.

Also, the rule language is being revised to clarify that Exchange consent is required if a member wants to give a gratuity of over \$100 to an Exchange employee. The Exchange proposes to change the current construction of the Rule in order to clarify that the final phrase requiring consent refers to both Exchange employees, as well as employees of any other member or of any non-member broker, dealer, bank or institution.

##### 2. Statutory Basis

The Exchange represents that the proposed rule change is consistent with Section 6(b)(5) of the Act<sup>3</sup> in that it promotes just and equitable principles of trade, fosters cooperation among persons engaged in facilitating securities transactions, and protects 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.

<sup>3</sup> 15 U.S.C. § 78f(b).

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

No written comments were either solicited or received.

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

Within 35 days of the publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve the proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. In addition, the Commission encourages commenters to consider whether: (1) The acceptance of cash or its equivalent should be permitted in any circumstance; (2) there are presently adequate safeguards against the solicitation of gratuities; and (3) all offers of gratuities, whether accepted or not, should be recorded in a timely manner by the employee, and such records should be maintained by his employer. 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 at the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-CBOE-97-51 and should be submitted by November 5, 1997.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>4</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 97-27282 Filed 10-14-97; 8:45 am]

BILLING CODE 8010-01-M

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-39216; File No. SR-NASD-97-72]

**Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the National Association of Securities Dealers, Inc., Relating to Extension of the Nasdaq International Service Pilot Program**

October 7, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on September 30, 1997, the National Association of Securities Dealers, Inc. ("NASD" or "Association") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II 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 parties and approving this proposal on an accelerated basis.

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

The NASD proposes to extend for one year, until October 9, 1998: (1) The pilot term of the Nasdaq International Service ("Service"); and (2) the effectiveness of certain rules ("International Rules") that are unique to the Service. The proposal does not entail any modification of the International Rules. The present authorization for the Service and the International Rules expires on October 11, 1997.

**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 NASD 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 NASD 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*

The NASD proposes to extend for one year, until October 9, 1998, the pilot operation of the Service and the effectiveness of the International Rules governing broker-dealers' access to and use of the Service. The existing pilot operation of the Service and the International Rules was originally authorized by the Commission in October 1991<sup>2</sup> and the Service was launched on January 20, 1992. The pilot has since been extended<sup>3</sup> and is set to expire on October 11, 1997.<sup>4</sup>

The Service supports an early trading session running from 3:30 a.m. to 9:00 a.m. Eastern Time ("ET") on each U.S. business day ("European Session") that overlaps the business hours of the London financial markets. Participation in the Service is voluntary and is open to any authorized NASD member firm or its approved broker-dealer affiliate in the U.K. A member participates as a Service market maker either by staffing its trading facilities in the U.S. or the facilities of its approved affiliate during the European Session. The Service also has a variable opening feature that permits Service market makers to elect to participate starting from 3:30 a.m., 5:30 a.m., or 7:30 a.m. ET. The election is required to be made on a security-by-security basis at the time a firm registers with the NASD as a Service market maker.<sup>5</sup> At present, there are no Service market makers participating in the Service.

As noted above, the NASD is seeking to extend the pilot term for one year. During this period, the NASD will continue to evaluate the Service's operation and consider possible enhancements to the Service to broaden

<sup>2</sup> See Securities Exchange Act Release No. 29812 (October 11, 1991), 56 FR 52082 (October 17, 1991) (order approving File No. SR-NASD-90-33) ("Pilot Approval Order").

<sup>3</sup> See Securities Exchange Act Release No. 33037 (October 8, 1993), 58 FR 53752 (October 18, 1993) (order approving File No. SR-NASD-93-50) (extending the pilot operation of the Service for two years through October 11, 1995).

<sup>4</sup> See Securities Exchange Act Release No. 36359 (October 11, 1995), 60 FR 53820 (October 17, 1995) (order approving File No. SR-NASD-95-46) (extending the pilot operation of the Service for two years through October 11, 1997).

<sup>5</sup> Regardless of the opening time chosen by the Service market maker, the Service market maker is required to fulfill all of the obligations of a Service market maker from that time (i.e., 3:30 a.m., 5:30 a.m., or 7:30 a.m. ET) until the European Session closes at 9:00 a.m. ET. See Securities Exchange Act Release No. 32471 (June 16, 1993), 58 FR (June 22, 1993) (order approving File No. SR-NASD-92-54).

<sup>4</sup> 17 CFR 200.20-3(a)(12).

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