

11. The Reorganization is subject to certain conditions described in the Plan, including: (a) That the parties shall have received exemptive relief from the SEC with respect to the issues that are the subject of the application; and (b) that shareholders of the Acquired Funds will have approved the Reorganization. Applicants agree not to make any material changes to the Plan without prior SEC approval.

Applicants' Legal Analysis

1. Section 17(a) of the Act, in relevant part, prohibits an affiliated person of a registered investment company, or any affiliated person of such person, acting as principal, from knowingly selling to or purchasing from such registered investment company or any company controlled by such registered company, and security or other property.

2. Section 2(a)(3) of the Act defines the term "affiliated person" of another person to include, in pertinent part, any person directly or indirectly owning, controlling, or holding with power to vote, 5% or more of the outstanding voting securities of such other person, and any person directly or indirectly controlling, controlled by, or under common control with such other person, and if such other person is an investment company, any investment thereof.

3. Rule 17a-8 under the Act exempts from the prohibitions of section 17(a) mergers, consolidations, or purchases or sales of substantially all of the assets of registered investment companies that are affiliated persons solely by reason of having a common investment adviser, common directors/trustees, and/or common officers, provided that certain conditions are satisfied.

4. Applicants believe that they may not rely upon rule 17a-8 because the Funds may be affiliated for reasons other than those set forth in the rule. Applicants state that because of Society Bank's ownership of shares of several of the Funds, the Acquiring Funds may be deemed an affiliated person of the Acquired Funds, and vice versa, for reasons not based solely on their common adviser, KAM. Consequently, applicants are requesting an order under section 17(c) of the Act exempting them from section 17(a) of the Act to the extent necessary to consummate the Reorganization.

5. Section 17(b) of the Act provides that the SEC may exempt a transaction from the provisions of section 17(a) if the terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned; the proposed

transaction is consistent with the policy of each registered investment company concerned; and the proposed transaction is consistent with the general purposes of the Act.

6. Applicants submit that the terms of the Reorganization satisfy the standards set forth in section 17(b) of the Act. Applicants also submit that the terms of the Reorganization are fair and reasonable and do not involve overreaching on the part of any person concerned. Applicants state that the Boards, including the Independent Board Members, have reviewed the terms of the Reorganization as set forth in the Plan, including the consideration to be paid or received, and have found that participation in the Reorganization is in the best interest of the Funds. Applicants also state that the Boards have found that the interests of existing shareholders of each Fund will not be diluted as a result of the Reorganization. Applicants note that the investment objectives, policies, and restrictions of each Acquiring Fund are substantially similar to those of each corresponding Acquired Fund. Applicants also note that the exchange of each Acquired Fund's assets and liabilities for the shares of the corresponding Acquiring Fund will be based on the Funds' relative NAVs.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-3224 Filed 2-6-98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT: [63 FR 4679, January 30, 1998].

STATUS: Closed Meeting.

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

DATE PREVIOUSLY ANNOUNCED: January 30, 1998.

CHANGE IN THE MEETING: Deletion.

The following items will not be considered at the closed meeting scheduled for Thursday, February 5, 1998:

Settlement of administrative proceedings of an enforcement nature.
Settlement of injunctive action.
Opinion.

Commissioner Carey, 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: February 4, 1998.

Jonathan G. Katz,

Secretary.

[FR Doc. 98-3275 Filed 2-5-98; 11:37 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39607; File No. SR-Amex-98-04]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the American Stock Exchange, Inc., Relating to Designation of Portfolio Depository Receipts Under Rule 154

February 2, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4² thereunder, notice is hereby given that on January 21, 1998, the American Stock Exchange, Inc. ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "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 designate Portfolio Depository Receipts as eligible for stop and stop limit orders to be elected by quotation, pursuant to Amex Rule 154, Commentary .04(c). The text of the proposed rule change is available at the Office of the Secretary, the Amex 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.