

investment company, any investment adviser 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 on rule 17a-8 in connection with the Reorganization, because an affiliate of NAS, Nationwide Life Insurance Company, directly or through its separate accounts, owns, controls or holds the power to vote 5% or more of the outstanding voting securities of each of NIF's Nationwide Growth Fund, Nationwide Fund, Nationwide Bond Fund, Nationwide Money Market Fund, and NIF II's Nationwide U.S. Government Income Fund, and FHIT's Growth fund and Cash Reserve Fund. Applicants assert that NIF, NIF II, FHIT and each of the respective Acquired Series may be an affiliated person of Nationwide Life Insurance Company under section 2(a)(3)(B) of the Act.

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 Reorganization satisfies the standards of section 17(b). Applicants believe the terms of the Reorganization are fair and reasonable and do not involve overreaching. Applicants state that the exchange is based on the relative net asset values of the relevant Funds' shares, and no sales charge will be incurred by shareholders of the Acquired Series in connection with their acquisition of corresponding Acquiring Series Shares. Applicants assert that the Reorganization is consistent with the investment objectives of the Acquired Series and the corresponding Acquiring Series.

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

**Margaret H. McFarland,**  
Deputy Secretary.

[FR Doc. 98-3929 Filed 2-17-98; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-23014A; 812-10908]

### The Sessions Group, et al., Notice of Application

January 30, 1998.

#### Correction

In FR Document No. 98-2883 beginning on page 5976 for Thursday, February 5, 1998, the date of the release was incorrectly stated. The correct date should be as set forth above.

Dated: February 11, 1998.

**Margaret H. McFarland,**

Deputy Secretary.

[FR Doc. 98-3933 Filed 2-17-98; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39631; File No. SR-AMEX-97-37]

### Self-Regulatory Organizations; American Stock Exchange, Inc.; Order Approving Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 1 to the Proposed Rule Change Relating to Expansion of Designated Options Areas

February 9, 1998.

#### I. Introduction

On October 14, 1997, the American Stock Exchange, Inc. ("Amex" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to expand the locations where options on Amex-listed stocks may trade at the Exchange. The proposed rule change was published for comment in the **Federal Register**.<sup>3</sup> No comments were received on the proposal. On January 14, 1998, the Amex filed an amendment to the proposed rule change ("Amendment No. 1"),<sup>4</sup> The Commission hereby approves the proposal. In addition, the Commission is publishing this notice to solicit comments from interested persons on

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

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

<sup>3</sup> Securities Exchange Act Release No. 39306 (November 6, 1997), 62 FR 61154 (November 14, 1997).

<sup>4</sup> Letter from Scott G. VanHatten, Legal Counsel, Derivative Securities, Amex, to Michael Walinskas, Senior Special Counsel, Division of Market Regulation, Commission, dated January 13, 1998.

Amendment No. 1 to the proposal and hereby approves that amendment on an accelerated basis.

#### II. Description of the Proposal

In 1988, the Commission approved an Amex proposal to permit options trading on Amex-listed stocks ("1988 Approval Order").<sup>5</sup> In that order, the Commission noted that: "[W]ith the expansion of its trading facility, specifically the addition of a separate trading room, the Amex is in a position to trade stocks and options thereon in physically separated locations. The proposed rule change specifies that such trading shall take place at different trading locations and provides the safeguards necessary to prevent abuses which could result from the trading of stocks and related options in physical proximity to each other."<sup>6</sup>

More recently, in 1994, the Commission approved an Amex proposal to provide greater flexibility in the design and development of new stock index option products which can be listed and traded on Amex.<sup>7</sup> In that approval order, the Commission based its approval in part on the fact that Amex imposed a number of restrictions on trading in options on indexes. For instance, where Amex-listed stocks comprise more than 10% of the value of a particular index, options on that index must be traded in a *room physically separated from the Equity Floor*.<sup>8</sup>

Now, Amex, as a result of increases in trading volume in options on the Exchange,<sup>9</sup> has proposed to relax the requirement that Amex-listed stocks and options on Amex-listed stocks be traded in a room physically separated from the Main Trading Floor

#### Background

Amex currently has three trading locations: (1) the Main Trading Floor; (2) the mezzanine trading level, which is located above the Exchange's main trading floor ("Mezzanine"),<sup>10</sup> and (3) a separate room connected by a hallway to the Main Trading Floor (the "Red Room" or "Designated Options Area").

<sup>5</sup> Securities Exchange Act Release No. 26147 (October 3, 1988), 53 FR 39556 (October 7, 1988) (File No. SR-AMEX-88-16).

<sup>6</sup> *Id.*

<sup>7</sup> Securities Exchange Act Release No. 34359 (July 12, 1994), 59 FR 36799 (July 19, 1994).

<sup>8</sup> *Id.* (emphasis added).

<sup>9</sup> The Amex noted in its filing that the number of options on Amex-listed stocks has increased slowly, to 45 classes since 1988, while the overall number of options classes traded on the Exchange has increased over 350% since that time.

<sup>10</sup> The Mezzanine abuts and overlooks the Exchange's equity trading floor. See Release No. 34-34359 at n. 8.