exceeding 10% of the total amount distributed for year, plus one additional long-term capital gains distribution made to avoid the excise tax under section 4982 of the Code.

2. Rule 19b–1, by limiting the number of net long-term capital gain distributions that applicant may make with respect to any one year, prevents the normal operation of the Monthly Distribution Policy whenever applicants realized net long-term capital gains in any year exceed the total of the fixed monthly distributions that under rule 19b–1 may include such capital gains. In that situation, the rule effectively forces the fixed monthly distributions, that under the rule may not include such capital gains, to be funded with returns of capital (to the extent net investment income and realized short-term capital gains are insufficient), even though net realized long-term capital gains would otherwise be available therefor. The long-term capital gains in excess of the fixed monthly distributions permitted by the rule then must either be added as an ''extra'' on one of the permitted capital gains distributions, thus exceeding the total annual amount called for by the Monthly Distribution Policy, or be retained by applicant (with applicant paying taxes thereon). d

3. Applicant believes that granting the requested relief would limit applicant's return of capital distributions to that amount necessary to make up any shortfall between applicant's guaranteed distribution and the total of its investment income and capital gains. The likelihood that applicant's shareholders would be subject to additional tax return complexities involved when applicant retains and pays taxes on long-term capital gains would therefore be avoided.

4. One of the concerns leading to the adoption of section 19(b) and rule 19b–1 was that shareholders might be unable to distinguish frequent distributions of capital gains from investment income. In accordance with rule 19a–1, a separate statement showing the source of the distribution (net investment income, net realized capital gains, or returns of capital) will accompany each distribution (or the confirmation of the reinvestment thereof under applicant's dividend reinvestment plan). In addition, a statement showing the amount and source of distributions received during the year will be included with applicant's IRS Form 1099–DIV reports sent to each shareholder who received distributions during the year (including shareholders who sold shares during the year). This information will also be included in applicant's annual report to shareholders. Through these disclosures and other communications with shareholders, applicant states that its shareholders will understand that applicant's fixed distributions are not tied to its investment income and realized capital gains and will not represent yield or investment return.

5. Another concern that led to the adoption of section 19(b) and rule 19b–1 was that frequent capital gains distributions could facilitate improper fund distribution practices, including the practice of urging an investor to purchase fund shares on the basis of an upcoming dividend (''selling the dividend''), where the dividend results in an immediate corresponding reduction in net asset value and is in effect a return of the investor's capital. Applicant believes that this concern does not apply to closed-end investment companies, such as applicant, which do not continuously distribute shares.

6. Applicant states that another concern leading to the adoption of section 19(b) and rule 19b–1, the increased administrative costs associated with more frequent distributions, is not present because applicant will continue to make monthly distributions regardless of what portion thereof is composed of capital gains.

7. Section 6(c) of the Act provides that the SEC may exempt any person, security, or transaction, or any class of classes of persons, securities, or transactions, from any provisions of the Act, if and to the extent such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. For the reasons stated above, applicant believes that the requested exemption meets the standards set forth in section 6(c).

Applicant's Condition

Applicant agrees that the order granting the exemption shall terminate upon the effective date of a registration statement under the Securities Act of 1933 for any future public offering by applicant of shares of applicant other than: (i) a non-transferable rights offering to shareholders of applicant, provided that such offering does not include solicitation by brokers or the payment of any commissions or underwriting fee; and (ii) an offering in connection with a merger, consolidation, acquisition, or reorganization.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–18561 Filed 7–22–96; 8:45 am]

BILLING CODE 8010–01M

Sunshine Act Agency 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 July 22, 1996.

Open meetings will be held on Tuesday, July 23, 1996, at 10:00 a.m., and Wednesday, July 24, 1996, at 10:00 a.m. Closed meetings will be held on Tuesday, July 23, 1996, following the 10:00 a.m. open meeting, and on Thursday, July 25, 1996, at 10:00 a.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the close meetings. 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 opinion, 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.

Commission Johnson, 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 Tuesday, July 23, 1996, at 10:00 a.m., will be:

The Commission will hear oral argument on a appeal by Richard J. Puccio from the decision of an administrative law judge. For further information, please contact William S. Stern at (202) 942–0949.

The subject matter of the closed meeting scheduled for Tuesday, July 23, 1996, following the 10:00 a.m. open meeting, will be:

Post oral argument discussion.

The subject matter of the open meeting scheduled for Wednesday, July 24, 1996, at 10:00 a.m., will be:

The Commission will be presented with the Final Report of the Advisory Committee on the Capital Formation and Regulatory Processes, which recommends the implementation of a company registration concept. For further information, please contact David Sirignano at (202) 942–2870; Meridith Mitchell at (202) 942–0890; or Luise Welby at (202) 942–2990.

The subject matter of the closed meeting scheduled for Thursday, July 25, 1996, at 10:00 a.m., will be:

Instruction and settlement of administrative proceedings of an enforcement nature.

Institution and settlement of injunctive action.

Formal order of investigation.

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: July 19, 1996.

Jonathan G. Katz,

Secretary.

[FR Doc. 96–18800 Filed 7–19–96; 1:42 pm]

BILLING CODE 8010–01–M

[Release No. 34–37441; File Nos. SR–Amex–96–24; SR–CBOE–96–41; SR–NYSE–96–19; SR–PSE–96–18; and SR–Phlx–96–22]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Changes by the American Stock Exchange, Inc., Chicago Board Options Exchange, Inc., New York Stock Exchange, Inc., Philadelphia Stock Exchange, Inc., and Pacific Stock Exchange, Inc., Relating to an Extension of the 2½ Point Strike Price Pilot Program

July 15, 1996.

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 June 3, 1996, the Philadelphia Stock Exchange, Inc. (''Phlx''); on June 11, 1996, the Pacific Stock Exchange, Inc. (''PSE''); on June 28, 1996, the Chicago Board Options Exchange, Inc. (''CBOE''); on July 3, 1996, the American Stock Exchange, Inc. (''Amex''); and on July 12, 1996, the New York Stock Exchange, Inc. (''NYSE'') (collectively the ''Exchanges'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule changes as described in Items I and II below, which Items have been prepared by the Exchanges. The PSE submitted to the Commission Amendment No. 1 to its proposal on July 2, 1996.[3] The Phlx submitted to the Commission Amendment No. 1 to its proposal on July 9, 1996.[4] The Commission is publishing this notice to solicit comments on the proposed rule changes from interested persons, and to grant accelerated approval of the proposed rule changes.

I. Self-Regulatory Organizations' Statement of the Terms of Substance of the Proposed Rule Changes

The Exchanges propose to extend for one-year (*i.e.*, July 18, 1997) the Exchanges' pilot program whereby the Exchanges may select a certain number of their listed options for inclusion in a pilot program for the listing of strike prices at 2½ point intervals. The text of the proposed rule changes is available at the Office of the Secretary, the Exchanges, and at the Commission.

II. Self-Regulatory Organizations' Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Changes

In their filings with the Commission, the Exchanges included statements concerning the purpose of and basis for the proposed rule changes. The text of these statements may be examined at the places specified in Item IV below. The Exchanges have prepared summaries, set forth in Sections (A), (B), and (C) below, of the most significant aspects of such statements.

(A) Self-Regulatory Organizations' Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Changes

The Commission has previously approved a pilot program proposed by the Exchanges to list selected options trading at a strike price greater than $25 but less than $50 at 2½ point intervals (*i.e.*, 27½, 32½, 37½, 42½ and 47½).[5] Pursuant to the pilot program, the Exchanges are permitted to use such 2½ point strike price intervals for a joint total of up to 100 option issues. Each exchange may select 10 options plus a percentage of the remaining 50 options equal to that exchange's pro rata share of the total number of equity options listed by the Exchanges.[6]

When more than one exchange selects a multiply-traded option for its allotment, the Options Clearing Corporation (''OCC'') will determine which exchange will be deemed to have selected the option according to the procedures agreed upon by the Exchanges. They have agreed that an exchange (''Selecting Exchange'') intending to list 2½ point strikes on an option will inform OCC of its selection by submitting a notice (''Selection Notice'') to OCC between the hours of 8:30 a.m. and 12:00 Noon (Central Time). In the event that more than one exchange submits a Selection Notice to the OCC for the same multiple-traded option, the exchange which first submits a Section Notice to the OCC will be deemed to be the Selecting Exchange for that option. Such option will count toward the allotment of the Selecting Exchange, but not toward the allotment of any other exchange submitting a Selection Notice under the terms of the pilot program.

Each of the Exchanges has also submitted a report to the Commission that includes data and written analysis regarding the operation of the pilot program during the previous year, as required in the 2½ Strike Price Approval Order.[7] The Exchanges generally believe that the pilot program has provided customers greater opportunities and flexibility to tailor their options positions, while enhancing the depth and liquidity of the markets in the selected options classes.

Each exchange has stated that it believe its respective proposed rule change is consistent with Section 6(b) of the Act in general and furthers the objectives of Section 6(b)(5) in particular in that the joint proposal is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and is not designed to permit unfair discrimination between customers, issuers, brokers or dealers.

(B) Self-Regulatory Organizations' Statement on Burden on Competition

The Exchanges believe that the proposed rule changes will impose no burden on competition.

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

[2] 17 CFR 240.19b–4.

[3] In Amendment No. 1, PSE withdraws its request for permanent approval of the pilot program, and requests a one-year extension of the pilot program, so that it will continue through July 18, 1997. See Letter from Michael Pierson, Senior Attorney, PSE, to John Ayanian, Attorney, Office of Market Supervision (''OMS''), Division of Market Regulation (''Market Regulation''), Commission, Dated July 1, 1996 (''PSE Amendment No. 1'').

[4] In Amendment No. 1, the Phlx indicated that the pilot period extension will expire on July 18, 1997. See Letter from Edith Hallahan, Special Counsel, Regulatory Services, Phlx, to John Ayanian, Attorney, OMS, Market Regulation, Commission, dated July 9, 1996 (''Phlx Amendment No. 1'').

[5] See Securities Exchange Act Release No. 35993 (July 19, 1995), 60 FR 38073 (July 25, 1995) (File Nos. SR–Phlx–08, SR–Amex–95–12, SR–PSE–95–07, SR–CBOE–95–19, SR–NYSE–95–12) (''2½ Point Strike Price Approval Order'').

[6] The actual allotment of option issues for each exchange is: CBOE (28), Amex (22), Phlx (18), PSE, PSE (18), and NYSE (14).

[7] In the 2½ Point Strike Price Approval Order, the Commission required that each Exchange submit a report before the Commission would review a proposal to extend the pilot program beyond the initial twelve-month period.