

6. Applicants submit that each Reorganization meets the standard for relief under section 17(b), in that the terms of each Reorganization are reasonable and fair and do not involve overreaching on the part of any person concerned; and each Reorganization is consistent with the general purposes of the Act and with the policies of the respective Acquiring Fund and the corresponding Reorganizing Fund.

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

Margaret H. McFarland,

Deputy Secretary.

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Sunshine Meeting Act

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 meeting during the week of September 30, 1996.

A closed meeting will be held on Monday, September 30, 1996, at 10:00 a.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and 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 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.

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

The subject matter of the closed meeting scheduled for Monday, September 30, 1996, at 10:00 a.m., will be:

Institution and settlement of injunctive actions.

Institution and settlement of administrative proceedings of an enforcement nature.

Formal orders 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: September 25, 1996.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-24990 Filed 9-25-96; 12:58 pm]

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[Release No. 34-37711; File No. SR-PSE-96-17]

Self-Regulatory Organizations; Pacific Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to Joint Accounts

September 23, 1996.

I. Introduction

On June 11, 1996 the Pacific Stock Exchange, Inc. ("PSE" 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")¹ and Rule 19b-4 thereunder,² a proposed rule change to eliminate a provision that prohibits members who are registered to trade for the same joint account from having overlapping primary appointment zones on the Options Floor.

The proposed rule change was published for comment in Securities Exchange Act Release No. 37365 (June 25, 1996), 61 FR 34917 (July 3, 1996). No comments were received on the proposal.

II. Description of the Proposal

PSE Rule 6.35 currently provides that each market maker shall be assigned a Primary Appointment Zone comprising a minimum of one trading post up to a maximum of six contiguous trading posts.³ Under Commentary .03 to PSE Rule 6.35, at least 75% of the trading activity of a market maker (measured in terms of contract volume per quarter) shall be in classes of option contracts to which his or her primary appointment extends.⁴

With regard to joint accounts, PSE Rule 6.84, Commentary .05 currently provides that the primary appointment of a market maker may not include trading posts which constitute the primary appointment of any market maker with whom he or she has a joint account. The rule further provides that,

¹ 15 U.S.C. § 78s(b)(1).

² 17 CFR 240.19b-4.

³ Previously, market makers were restricted to Primary Appointment Zones comprising one trading post or two contiguous trading posts. See Securities Exchange Act Release No. 363370 (October 13, 1995), 60 FR 54273 (approving increase from two to six in the maximum number of trading posts that may be included in each market maker's Primary Appointment Zone).

⁴ PSE Rule 6.35, Commentary .03 provides an exception for unusual circumstances.

for the purposes of evaluating market maker performance in accordance with PSE Rule 6.37, Commentary .04, contract volume in the joint account will be assigned to the participants who effected the transactions for the joint account, under the same guidelines as if they effected the transactions for their own account.

The Exchange proposes to eliminate the provision in Commentary .05 to Rule 6.84 that prohibits joint account participants from having overlapping primary appointment zones. The Exchange believes that this rule places an unnecessary burden on member firms with joint accounts that may desire to have overlapping primary zones for their market makers in order to allow for continuous coverage when participant market makers are temporarily absent from the floor due to illness or vacation. The Exchange also believes that the current procedure of requiring substitute market makers to seek an exemption from Rule 6.35 (or alternatively to assure that the volume of their trading outside their primary zone does not exceed 25% of their total volume), is not efficient. Moreover, the Exchange believes that Rule 6.40, Financial Arrangements of Market Makers, which prohibits participants in the same joint account from trading in the same trading crowd at the same time, will address any concerns that joint account participants may attempt to dominate unfairly the market in a particular option issue or option series.⁵

Finally, the Exchange proposes, for purposes of greater clarity, to eliminate the cross-reference to Rule 6.37, Commentary .04 that is contained in Rule 6.84, Commentary .05 and to replace it with a cross reference to Rule 6.35, Commentary .03.

III. Discussion

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the Rules and regulations thereunder applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b).⁶ In particular, the Commission believes the proposal is consistent with the Section 6(b)(5) of the Act in that the proposal is designed to facilitate transactions in securities, to remove impediments to a free and open market, and to promote just and equitable principles of trade.

⁵ See also Securities Exchange Act Release No. 37543 (August 8, 1996), 61 FR 42458 (August 15, 1996).

⁶ 15 U.S.C. § 78f(b).