its notification of registration on Form N–8A under the Act and filed a registration statement on Form N–1A under the Act and under the Securities Act of 1933 on April 23, 1982. SEC records also indicate that on July 6, 1982, applicant's registration statement became effective. Applicant is advised by ARM Capital Advisors, Inc. (''ARM'').

2. On August 16, 1996, applicant's board of directors considered an Agreement and Plan of Reorganization (the ''Reorganization Agreement'') between applicant and Federated Municipal Opportunities Fund, Inc. (the ''Federated Fund''). The Federated Fund is advised by Federated Advisers, a subsidiary of Federated Investors (together, ''Federated''). Pursuant to the Reorganization Agreement, applicant would transfer all of its assets to the Federated Fund in exchange for Class A shares of the Federated Fund. The directors considered several factors and identified certain potential benefits likely to result from the reorganization, including, (a) operating efficiencies as a result of the larger combined size of applicant and the Federated Fund, (b) applicant and the Federated Fund have similar investment objectives, (c) while the expense ratio of the Federated Fund presently is higher than that of the applicant, Federated advised applicant that the expense ratio is lower than the average for municipal bond funds distributed through brokers, (d) expenses of the reorganization will be borne by ARM and/or Federated, (e) the anticipated tax free nature of the reorganization, and (f) the difference in the risks associated with certain of the investment strategies used by the Federated Fund which are not used by applicant. The directors concluded that the reorganization presents no significant risks or costs that would outweigh the benefits discussed above. Applicant's board of directors unanimously approved the reorganization at a meeting of the board on August 26, 1996.

3. On October 4, 1996, Federated Fund filed a registration statement and proxy materials on Form N–14 soliciting approval of the reorganization by applicant's shareholders. The registration statement was declared effective on October 25, 1996. Shareholders approved the reorganization at a special meeting held on December 9, 1996.

4. On December 13, 1996, the date of the reorganization, applicant had 7,388,722.704 shares of common stock outstanding. Applicant's net asset value was $10.82 per share and its aggregate net asset value was $79,930,763.32. Applicant transferred assets valued at $79,930,763.32, and received in exchange 7,648,918.850 Class A shares of the Federated Fund, representing an aggregate net asset value equal to the aggregate net asset value of applicant's transferred shares. Such shares were then distributed to the shareholders of applicant, on that date, in proportion to each shareholder's interest in applicant based on net asset value.

5. All costs involved in the reorganization will be paid by ARM and/or Federated.

6. Applicant has no securityholders and no remaining assets, debts, or liabilities as of the date of the application.

7. Applicant is not a party to any litigation or administrative proceeding. Applicant is not now engaged, and does not propose to engage, in any business activities other than those necessary for the winding up of its affairs.

8. Applicant intends to file articles of dissolution with the Maryland State Department of Assessments and Taxation following deregistration.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–16629 Filed 6–24–97; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 22720; 811–5412]

State Bond Tax-Free Income Funds, Inc.; Notice of Application

June 19, 1997.

AGENCY: Securities and Exchange Commission (''SEC'').

ACTION: Notice of application for deregistration under the Investment Company Act of 1940 (the ''Act'').

APPLICANT: State Bond Tax-Free Income Funds, Inc.

RELEVANT ACT SECTION: Order requested pursuant to section 8(f).

SUMMARY OF APPLICATION: Applicant requests an order declaring that it has ceased to be an investment company.

FILING DATES: The application was filed on February 20, 1997, and amended on May 29, 1997.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on July 14, 1997, and should be accompanied by proof of service on applicant, in the form of an affidavit, or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicant: Stated Bond Tax-Free Income Funds, Inc., 100 North Minnesota Street, P.O. Box 69, New Ulm, Minnesota 56073–0069.

FOR FURTHER INFORMATION CONTACT: John K. Forst, Staff Attorney, at (202) 942–0569, or Elizabeth G. Osterman, Assistant Director, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee from the SEC's Public Reference Branch.

Applicant's Representations

Applicant is a registered open-end management investment company, organized as a Maryland corporation. SEC records indicate applicant filed its notification of registration on Form N–8A under the Act and filed a registration statement on Form N–1A under the Act and under the Securities Act of 1933 on December 7, 1987. On January 28, 1988, applicant commenced its initial public offering. Applicant is advised by ARM Capital Advisors, Inc. (''ARM'').

2. On August 16, 1996, applicant's board of directors considered an Agreement and Plan of Reorganization (the ''Reorganization Agreement'') between applicant and Federated Municipal Opportunities Fund, Inc. (the ''Federated Fund''). The Federated Fund is advised by Federated Advisers, a subsidiary of Federated Investors (together ''Federated''). Pursuant to the Reorganization Agreement, applicant would transfer all of its net assets to the Federated Fund in exchange for Class A shares of the Federated Fund. The directors considered several factors and identified certain potential benefits likely to result from the reorganization, including, (a) operating efficiencies as a result of the larger combined size of applicant and the Federated Fund, (b) although the Federated Fund, unlike applicant, invests in municipal bonds which are generally not exempt from the Minnesota personal income tax, the tax-

equivalent yield produced by the Federated Fund historically has exceeded the tax-equivalent yield produced by applicant, (c) applicant and the Federated Fund have investment objectives that are similar in many respects, (d) applicant's maximum front end sales charge is the same as that of the Federated Fund, (e) expenses of the reorganization will be borne by ARM and/or Federated, and (f) the anticipated tax free nature of the reorganization. The directors concluded that the reorganization presents no significant risks or costs that would outweigh the benefits discussed above. Applicant's board of directors unanimously approved the reorganization at a meeting of the board on August 26, 1996.

3. On October 15, 1996, Federated Fund filed a registration statement and proxy materials on Form N–14 soliciting approval of the reorganization by applicant's shareholders. The registration statement was declared effective on October 25, 1996. Shareholders approved the reorganization at a special meeting held on December 9, 1996.

4. On December 13, 1996, the date of the reorganization, applicant had 1,733,290.919 shares of common stock outstanding. Applicant's net asset value was $10.59 per share and its aggregate net asset value was $18,351,963.27. Applicant transferred assets valued at $18,351.963.27, and received in exchange 1,756,180.300 Class A shares of the Federated Fund, representing an aggregate net asset value equal to the aggregate net asset value of applicant's transferred shares. Such shares were then distributed to the shareholders of applicant, on that date, in proportion to each shareholder's interest in applicant based on net asset value.

5. All costs involved in the reorganization will be paid by ARM and/or Federated.

6. Applicant has no securityholders and no remaining assets, debts, or liabilities as of the date of the application.

7. Applicant is not a party to any litigation or administrative proceeding. Applicant is not now engaged, and does not propose to engage, in any business activities other than those necessary for the winding up of its affairs.

8. Applicant intends to file articles of dissolution with the Maryland State Department of Assessments and Taxation following deregistration.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–16633 Filed 6–24–97; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–38743; File No. SR–CBOE–97–23]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change Relating to Option Series Open for Trading

June 17, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on May 15, 1997, the Chicago Board Options Exchange, Incorporated (''CBOE'' and ''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 CBOE. On June 16, 1997, CBOE amended the filing.[2] The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and to grant accelerated approval of the proposed rule change.

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

CBOE proposes to amend CBOE Rules 5.4, 5.5, 5.6 and 5.7 governing opening of trading in series of equity options, delisting of option series, terms of option contracts and adjustments.[3]

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, CBOE 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 III below. The CBOE 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 purpose of the proposed rule change is: (1) To amend the procedures for opening trading in series of equity options under Rules 5.5 and 5.6 in order to allow the Exchange the same flexibility in adding series as is permitted under other exchanges' rules; (2) to amend Rules 5.5 and 5.6 to provide specifically for near-term options expiration and relieve the Product Development Committee (''PDC'') of its responsibility with respect to opening series of options; and (3) to clarify and reorganize Rules 5.4, 5.5, 5.6 and 5.7.

(1) Conform Rules to Those of Other Exchanges

The Exchange is proposing to combine Rules 5.5 and 5.6 into one rule and to delete certain provisions thereunder. The proposal will provide the Exchange the same flexibility afforded other exchanges by eliminating certain specific provisions which do not appear in other options exchanges' rules. Specifically, the Exchange proposes to delete Interpretations .02 and .03 to Rule 5.5 Currently, Interpretation .02 prevents the Exchange from initially opening for trading series with three strike prices unless the price of the underlying stock is within two percent of a strike price. The proposal would permit the Exchange initially to open three strike prices regardless of how close the underlying stock price is to the initial strike prices. Interpretation .03 restricts the Exchange from adding any new strikes until the underlying stock reaches the existing strike price. The proposal would allow the Exchange to add new series when the Exchange believes that doing so is necessary to maintain an orderly market, to meet customer demand, or to adapt to market movement if the exercise price moves substantially from the initial exercise prices, which would allow the Exchange to add series before the underlying stock reaches an existing strike price.

The Exchange believes the proposal gives the Exchange a more flexible standard than the current CBOE rule and conforms the CBOE rules to those of other exchanges, specifically the

[1] 15 U.S.C. 78s(b)(1) (1988).

[2] Letter from Stephanie Mullins, Attorney, to Peggy Blake, Division of Market Regulation, Commission (June 16, 1997). In File No. SR–CBOE–97–23, CBOE proposed deleting language in Rule 5.4 that provides the Exchange ''may make application to the SEC'' to delist an options class having no open interest, where the underlying security no longer complies with CBOE maintenance standards. The amendment cancels this proposed deletion.

[3] The text of the proposed rule change is attached as Exhibit A to File No. SR–CBOE–97–23 and is available at the Office of the Secretary, CBOE and at Public Reference Room of the Commission.