

is consistent with the policy of each registered investment company concerned, as recited in its registration statement and reports filed pursuant to the 1940 Act; and (c) the proposed transaction is consistent with the general purposes of the 1940 Act.

5. Applicants request, pursuant to Section 17(b) of the 1940 Act, an exemption from the provisions of Section 17(a) to permit the Reorganization.

6. The exchange of assets of the Manulife Series Fund portfolios for shares of capital stock of the Trust portfolios will be accomplished on the basis of the net asset value of the respective portfolios; Applicants assert that the Reorganization will therefore not dilute the interests of existing shareholders or contract owners.

7. In determining whether to approve the Reorganization, the Board of Directors of Manulife Series Fund and the Board of Trustees of the Trust found, after considering the factors summarized above, that the terms of the transactions proposed to accomplish the Reorganization are fair and reasonable and do not involve overreaching on the part of any person concerned.

8. The proposed Reorganization has been reviewed by the Board of Directors of Manulife Series Fund and the Board of Trustees of the Trust for consistency with the policies of both the Manulife Series Fund and the Trust. Although the Manulife Series Fund and the Trust have different investment advisers, Applicants assert that they are substantially similar investment vehicles.

9. Applicants assert that the Reorganization is consistent with the general purposes of the 1940 Act and will not result in any of the abuses that the 1940 Act was designed to prevent.

Rule 17d-1

10. Section 17(d) of the 1940 Act prohibits an affiliated person of a registered investment company from effecting any transaction in which the company is a joint participant in contravention of Commission rules.

11. Rule 17d-1(a) prohibits an affiliated person of any registered investment company, acting as principal, from participating in or effecting any transaction in a "joint enterprise or other joint arrangement" in which the company is a participant without prior Commission approval.

12. Rule 17d-1(b) provides that when the Commission is passing upon exemptive applications it is to "consider whether the participation . . . in such joint enterprise, joint arrangement or profit-sharing plan on the basis

proposed is consistent with the provisions, policies and purposes of the [1940] Act, and the extent to which such participation is on a basis different from or less advantageous than that of other participants."

13. The expenses of the Reorganization (other than registration fees payable for the registration of shares of each Trust portfolio issued in connection with the Reorganization, which will be payable by such Trust portfolio) will be borne by Financial Services and one or more insurance companies that are affiliates of Manulife Series Fund or the Trust.

14. Applicants assert that the bearing of expenses of the Reorganization by Financial Services and one or more insurance companies that are affiliates of Manulife Series Fund or the Trust could be regarded as a joint enterprise. Applicants therefore request exemptive relief pursuant to Rule 17d-1 of the 1940 Act.

15. As summarized above, Applicants assert that the terms of the proposed transactions are consistent with the policies, provisions, and purposes of the 1940 Act because they are reasonable and fair to all parties, do not involve overreaching, and are consistent with the investment objectives and policies of each portfolio of Manulife Series Fund and of the Trust participating in the proposed transactions. The participation in the Reorganization by each portfolio will be at respective net asset value, and not on a basis different from or less advantageous than that of other participants. Contract owners of each Manulife Series Fund portfolio will have the opportunity to provide voting instructions regarding approval of the Reorganization.

16. Applicants also assert that the participation by affiliates of Manulife Series Fund and the Trust in the transaction is consistent with the requirements of Rule 17d-1. Applicants note that to the extent that expenses of the Reorganization are borne by affiliated insurance companies rather than Financial Services, no benefit will accrue to such affiliates. Moreover, Applicants note that payment of expenses of the Reorganization by Financial Services and the affiliated insurance companies will reduce expenses that would otherwise be payable by the Manulife Series Fund portfolios.

Conclusion

For the reasons summarized above, Applicants submit that the terms of the Reorganization meet the conditions for exemptive relief established by Section

17(b) of the 1940 Act and Rule 17d-1 thereunder.

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

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-37973; International Series Release No. 1031; File No. SR-AMEX-96-36]

November 22, 1996.

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto by the American Stock Exchange, Inc., Relating to the Policy of the Amex Regarding Information Obtained Pursuant to the SEC's Memorandum of Understanding With the CONSOB

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on October 2, 1996, 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 Amex. Amex submitted Amendment No. 1 to the filing on November 12, 1996.¹ 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

Pursuant to Section 19(b)(1) of the Act, the Amex is submitting this rule filing to adopt an official Exchange policy concerning the circumstances and conditions under which the Exchange, in order to carry out its market surveillance and enforcement functions for derivative products containing Italian component securities, may obtain access to information regarding activity on the Italian securities market obtained by the SEC pursuant to the Commission's Memorandum of Understanding ("MOU") with the Commissione Nazionale per le Società e la Borsa ("CONSOB").

¹ On November 12, 1996, Amex submitted Amendment No. 1 to its proposed rule filing, making several clarifications to the original filing. See Letter from Claire P. McGrath, Managing Director and Special Counsel, Amex, to Michael Walinskas, Senior special Counsel, Division, Commission, dated November 7, 1996.

The text of the proposed rule change is available at the Office of the Secretary, 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 Amex 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 IV below. The Amex 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

(1) Purpose

The Amex does not have a surveillance sharing agreement with the Milan exchange which is an unincorporated association and is not able under Italian law to enter into such an arrangement. Therefore, the purpose of the proposed rule change is to enable the Amex to carry out its market surveillance and enforcement functions for derivative products containing Italian component securities by seeking the necessary information about activity on the Italian securities markets from the SEC pursuant to the SEC's MOU with CONSOB. The Exchange's proposed policy details the circumstances and conditions under which the Exchange may obtain access to such information from the SEC. By adopting this policy, therefore, the Exchange believes it will be in a position to list derivative products containing Italian component securities because it will be able to have access to information on the underlying securities which it may need for enforcement or market surveillance purposes.²

The Exchange's proposed policy provides that the Exchange will advise the SEC of information it needs regarding activity on the Italian securities markets for market surveillance and enforcement purposes. The SEC, in turn, pursuant to the MOU, may request the CONSOB's assistance in gaining access to such information. The

Exchange will use such information it may receive from the SEC only for the purposes of conducting market surveillance and enforcement proceedings. The Exchange will limit distribution of such information to officers and directors of the Exchange and other employees directly responsible for conducting market surveillance and enforcement proceedings relating to the matter in connection with which the SEC provided the information to the Exchange. The Exchange will also undertake to maintain the confidentiality of the information and to take appropriate disciplinary action in the event it learns of a breach of such confidentiality, including referral to the SEC for any action the SEC deems necessary or appropriate. In this regard, two articles of the MOU detail the agreement on confidentiality:

Article 7: Permissible Use of Information

1. The requesting Authority may use the information furnished solely:

(a) for purposes stated in the request, including ensuring compliance with or enforcement of the legal provisions specified in the request; or

(b) for purposes within the general framework of the use stated in the request, including conducting a civil or administrative enforcement proceeding; assisting with a self-regulatory enforcement proceeding or market surveillance; and assisting in a proceeding, including a proceeding whose purpose is to permit a subsequent criminal prosecution or conducting any investigation related thereto for any general charge applicable to the violation of the provision specified in the request.

2. To use the information furnished for any purpose other than those stated in paragraph 1 of this Article, the requesting Authority must first inform the requested Authority of its intention and provide it the opportunity to oppose the use. If, under such conditions, the requested Authority does not oppose the use of the information for purposes other than those stated in paragraph 1 of this Article, it may subject to the use of the information to certain conditions. If use of the information is opposed by the requested Authority, the authorities intent to consult pursuant to Article 9 concerning the reasons for the refusal and the circumstances under which use of the information might otherwise be allowed.

Article 8: Confidentiality of Requests

1. Each Authority shall keep confidential, to the extent permitted by law, requests made within the framework of this Understanding, the contents of such requests, and any other matters arising during the operation of this Understanding, including consultations between the Authorities.

2. The requesting Authority shall keep confidential any information received pursuant to this Understanding to the same extent as such information would be kept

confidential in the territory of the State of the requested Authority, except in the case where the information provided must be disclosed in the course of its use pursuant to Article 7 above.

3. The Authorities may, by mutual arrangement, make an exception to the principles set forth in paragraphs 1 and 2 above, to the extent permitted by the law applicable to each Authority.

By adopting a policy that provides access to information on the underlying securities for market surveillance and enforcement purposes, the Exchange will be able to list options and other derivative products containing Italian component securities, provided that all other applicable product listing standards are met. Therefore, the Exchange believes that the proposed rule change could potentially provide investors with the opportunity to invest in such products and hedge their exposure to the Italian securities market.

(2) Basis

The 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 it 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 Organization's Statement on Burden on Competition

The Amex does not believe that the proposed rule change will impose any burden on competition.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Amex consents, the Commission will:

(A) By order approve such proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

²The Commission notes that all Amex-listed securities, including options and other derivative securities products, must meet all applicable listing and maintenance standards. This filing only addresses trading requirements relating to necessary surveillance sharing procedures.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the Amex. All submissions should refer to File Number SR-AMEX-96-36 and should be submitted by December 23, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.³

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-30613 Filed 11-29-96; 8:45 am]

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(Release No. 34-37968; File No. SR-CBOE-96-66)

November 20, 1996.

Self-Regulatory Organizations; Notice of Filing and Summary Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Inc. Relating to Changing the Designated Reporting Authority for the Exercise Settlement Values of Yield-Based Options on Treasury Securities

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on November 5, 1996, the Chicago Board Options Exchange, Inc. ("CBOE" or "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 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 proposed rule filing changes the designated reporting authority for the exercise settlement values of yield-based options on Treasury securities.

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 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 IV below. The self-regulatory organization 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

1. Purpose

The purpose of the proposed rule change is to change the designated reporting authority for closing exercise settlement values of yield-based options on Treasury securities (referred to herein as "interest rate options") from the Federal Reserve Bank of New York ("FRBNY") to GovPX ("GovPX") a leading independent provider of financial data. On October 3, 1996, the FRBNY announced that it was discontinuing dissemination of its Composite 3:30 p.m. Quotations for U.S. Government Securities. FRBNY disseminated its last Composite Quotation on Tuesday, October 15, 1996. In accordance with the designation of FRBNY as the reporting authority for exercise settlement values of interest rate options in Interpretation and Policy .01 under Rule 23.1, CBOE had previously used FRBNY quotations to determine the exercise settlement values of interest rate options on the yield of the most-recently auctioned 90-day, five-year, ten-year and thirty-year government securities (IRX, FVX, TNX, and TYX, respectively).

Since FRBNY is no longer disseminating these values, CBOE has determined to designate GovPX as the replacement reporting authority, and proposes to amend Interpretation and Policy 23.1.01 to reflect this designation and to make a conforming amendment to Interpretation and Policy 23.1.02. CBOE will use the 3:00 p.m. (Eastern time) yield quotations disseminated by

GovPX on the last trading day prior to the expiration of interest rate options as the basis for the exercise settlement values that it will report to OCC in accordance with CBOE rules.

CBOE has been advised that yield quotations disseminated by GovPX are based on quotations of bids and offers in the Treasury securities market that GovPX obtains from five of the six inter-dealer brokers in that market (Garban, Hilliard Farber, Liberty, RMJ, and Tullett). The bids and offers from these five inter-dealer brokers represent the best bids and offers for each Treasury security obtained from 38 primary dealers.¹ At 3:00 p.m. each day GovPX selects the best bid and best offer for each Treasury security from those provided by the five inter-dealer brokers. GovPX then disseminates that best bid and offer, and a average, for each Treasury security. CBOE uses that average as its exercise settlement value for expiring interest rate options.² CBOE understands that FRBNY itself is now using GovPX yield quotes for its own internal purposes, instead of the Composite Quotes that it used to obtain from a daily survey of dealers.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act³ in general and furthers the objective of Section 6(b)(5) in particular in that by providing a reliable source for determining the exercise settlement values of interest rate options when the reporting authority previously relied upon for this purpose has discontinued reporting such values, it will facilitate exercise transactions in these securities and will therefore protect investors and the public interest.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any inappropriate burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were either solicited or received with respect to the proposed rule change.

¹ Inter-dealer brokers are brokers' brokers. They broker transactions between primary dealers in Treasury securities. In this role they are well placed to observe market conditions.

² Telephone conversation between Eileen Smith, CBOE, and Steve Youhn, SEC, and Heather Seidel, SEC, on November 19, 1996.

³ 15 U.S.C. 78f(b).

³ 17 CFR 200.30-3(a)(12).