

*Estimated Number of Respondents:*  
7453.

**Jacinto Wong,**

*Chief Information Officer, Senior Official for  
Information Resources Management.*

[FR Doc. 98-6693 Filed 3-13-98; 8:45 am]

BILLING CODE 3640-04-P

## SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No.  
23063; 812-10838]

### Delaware Group Foundations Funds, et al.; Notice of Application

March 9, 1998.

**AGENCY:** Securities and Exchange  
Commission ("SEC").

**ACTION:** Notice of application for an  
order under section 12(d)(1)(J) of the  
Investment Company Act of 1940 (the  
"Act") for an exemption from section  
12(d)(1)(G)(i)(II).

#### SUMMARY OF THE APPLICATIONS:

Applicants seek an order that would  
permit a fund of funds relying on  
section 12(d)(1)(G) of the Act to make  
direct investments in securities and  
other instruments.

**APPLICANTS:** Delaware Group  
Foundation Funds, Delaware Group  
Equity Funds I, Inc., Delaware Group  
Equity Funds II, Inc., Delaware Group  
Equity Funds III, Inc., Delaware Group  
Equity Funds IV, Inc., Delaware Group  
Equity Funds V, Inc., Delaware Group  
Income Funds, Inc., Delaware Group  
Government Fund, Inc., Delaware Group  
Limited-Term Government Funds, Inc.,  
Delaware Group Cash Reserve, Inc.,  
Delaware Group Tax-Free Money Fund,  
Inc., Delaware Group State Tax-Free  
Income Trust, Delaware Group Tax-Free  
Fund, Inc., Delaware Pooled Trust, Inc.,  
Delaware Group Premium Fund, Inc.,  
Delaware Group Global & International  
Funds, Inc., Delaware Group Adviser  
Funds, Inc. (collectively, the "Delaware  
Funds"), Voyageur Funds, Inc.,  
Voyageur Insured Funds, Inc., Voyageur  
Intermediate Tax Free Funds, Inc.,  
Voyageur Investment Trust, Voyageur  
Investment Trust II, Voyageur Mutual  
Funds, Inc., Voyageur Mutual Funds II,  
Inc., Voyageur Mutual Funds III, Inc.,  
Voyageur Tax Free Funds, Inc.  
(collectively, the "Delaware-Voyageur  
Funds"), any future registered open-end  
management investment companies or  
series thereof which are part of the same  
"group of investment companies," as  
defined in section 12(d)(1)(G)(ii) of the  
Act as: (a) the Delaware or Delaware-  
Voyageur Funds; or (b) other registered  
open-end management investment

companies that are advised by Delaware  
Management Company, Inc. or any  
entity that controls, is controlled by, or  
under common control with Delaware  
Management Company, Inc. (together  
with any future series of existing  
Delaware Funds or Delaware-Voyageur  
Funds, the "Future Funds") (Delaware  
Funds, Delaware-Voyageur Funds, and  
Future Funds, collectively, the  
"Delaware Group Funds") and Delaware  
Management Company, Inc. ("DMC"),  
Delaware International Advisers Ltd.  
("DIAL") (together, the "Advisers"), and  
Delaware Distributors, L.P. All existing  
entities that currently intend to rely on  
the order are named as applicants.

**FILING DATES:** The application was filed  
on October 27, 1997 and amended on  
December 16, 1997. Applicants have  
agreed to file an additional amendment,  
the substance of which is incorporated  
in this notice, during the notice period.

**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 the applicants  
with a copy of the request, personally or  
by mail. Hearing requests should be  
received by the SEC by 5:30 p.m. on  
April 3, 1998, and should be  
accompanied by proof of service on the  
applicants, in the form of an affidavit,  
or, for lawyers, a certificate of service.  
Hearing request should state the nature  
of the writer's interest, the reason for the  
request, and the issues contested.  
Persons may request notification by  
writing to the SEC's Secretary.

**ADDRESSES:** Secretary, SEC, 450 Fifth  
Street, N.W., Washington, D.C. 20549.  
Applicants, One Commerce Square,  
2005 Market Street, Philadelphia, PA  
19103.

**FOR FURTHER INFORMATION CONTACT:**  
Annmarie J. Zell, Staff Attorney, at (202)  
942-0532, or Christine Y. Greenlees,  
Branch Chief, 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, 450 Fifth  
Street, N.W., Washington, D.C. 20549  
(telephone (202) 942-8090).

#### Applicants' Representations

1. Delaware Group Foundation Funds  
(the "Asset Allocator Fund"), a  
Delaware business trust, is registered  
under the act as an open-end  
management investment company and  
currently intends to offer three series,

the Income Portfolio, the Balanced  
Portfolio and the Growth Portfolio  
(collectively, the "Asset Allocator  
Portfolios"). Each Asset Allocator  
Portfolio will invest primarily in a  
combination of Delaware Group Funds  
(the "Underlying Funds") and, pursuant  
to the relief requested in the  
application, directly in individual  
securities, such as equity or fixed  
income securities and investment  
instruments including options and  
futures on securities or indices.

2. DMC, an investment adviser  
registered under the Investment  
Advisers Act of 1940, will serve as  
investment adviser for the Asset  
Allocator Portfolios. DMC will charge an  
investment advisory fee that will be for  
services that are in addition to, rather  
than duplicative of, advisory services  
provided to the Underlying Funds,  
including asset allocation and re-  
allocation among the Underlying Funds  
and the management of direct  
investments in securities or other  
instruments. The Asset Allocator  
Portfolios will invest in the institutional  
class of shares of the Underlying Funds.  
These shares will be sold to and  
redeemed by the Asset Allocator  
Portfolios without the imposition of any  
front-end or deferred sales charges or  
redemption fees and will not carry rule  
12b-1 fees.

#### Applicant's Legal Analysis

1. Section 12(d)(1)(A) of the Act  
provides that no registered investment  
company may acquire securities of  
another investment company if such  
securities represent more than 3% of the  
acquired company's outstanding voting  
stock, more than 5% of the acquiring  
company's total assets, or if such  
securities, together with the securities of  
other investment companies, represent  
more than 10% of the acquiring  
company's total assets. Section  
12(d)(1)(B) provides that no registered  
open-end investment company may sell  
its securities to another investment  
company if the sale will cause the  
acquiring company to own more than  
3% of the acquired company's voting  
stock to be owned by investment  
companies.

2. Section 12(d)(1)(G) of the Act  
provides that section 12(d)(1) will not  
apply to securities of an acquired  
company purchased by an acquiring  
company if: (a) The acquiring company  
and the acquired company are part of  
the same group of investment  
companies; (b) the acquiring company  
holds only securities of acquired  
companies that are part of the same  
group of investment companies,  
government securities, and short-term

paper; (c) the aggregate sales loads and distribution-related fees of the acquiring company and the acquired company are limited; and (d) the acquired company has a policy that prohibits it from acquiring securities of registered open-end investment companies or registered unit investment trusts in reliance on section 12(d)(1)(F) or (G).

3. The Asset Allocator Fund requests relief from section 12(d)(1)(G)(i)(II) to the extent necessary to permit an Asset Allocator Portfolio and any Future Funds to operate as a fund of funds within each requirement of section 12(d)(1)(G) of the Act, with the exception of the requirement that the Asset Allocator Portfolios limit their investments in individual securities to Government securities and short-term paper.

4. Section 12(d)(1)(J) provides that the SEC may exempt persons or transactions from any provision of section 12(d)(1) if and to the extent the exemption is consistent with the public interest and the protection of investors. Applicants believe that the structure of the Asset Allocator Portfolios will be substantially the same as the statutory fund of funds now permitted under section 12(d)(1)(G). Applicants also believe that Asset Allocator Portfolios' proposed direct investments in securities and instruments as described in the application do not raise any of the concerns that the requirements of section 12(d)(1)(G) were designed to address.

#### Applicants' Conditions

Applicants agree that the order granting the requested relief will be subject to the following conditions:

1. Applicants will comply with all provisions of section 12(d)(1)(G), except for section 12(d)(1)(G)(i)(II) to the extent that it restricts the Asset Allocator Portfolios from investing in individual securities or instruments described in the application.

2. Before approving any investment advisory contract for the Asset Allocator Fund under section 15 of the Act, the Board of Trustees of the Asset Allocator Fund, including a majority of the Trustees who are not "interested persons" as defined in section 2(a)(19) of the Act, shall find that the investment advisory fee, if any, charged under the contract is based on services provided that are in addition to, rather than duplicative of, services provided pursuant to any Underlying Fund's investment advisory contract. The finding, and the basis upon which the finding was made, will be recorded fully in the minute books of the Asset Allocator Fund.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 98-6595 Filed 3-13-98; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39734; File No. SR-Amex-97-41]

### Self-Regulatory Organizations; American Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to Trading Differentials for Option Contracts

March 9, 1998.

On November 3, 1997, the American Stock Exchange, Inc. ("Amex" or "Exchange") submitted to the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities and Exchange Act of 1935 ("Exchange Act" or "Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to allow the Exchange to establish, upon the filing of a rule change proposal pursuant to Section 19(b)(3)(A) of the Exchange Act, the trading differentials for option contracts traded on the Exchange.

The proposed rule change was published for comment in the **Federal Register** on December 1, 1997.<sup>3</sup> No comments were received on the proposal. This order approves the proposal.

Exchange Rule 952 currently provides that the minimum fractional change for stock options trading at \$3.00 or higher shall be one-eighth and for stock options trading under \$3.00 shall be one-sixteenth. Additionally, Rule 951C provides that the minimum fractional change for stock index options shall be one-eighth for stock index options trading at a premium greater than \$300.00 and stock index options less than \$300.00 shall be one-sixteenth. The Exchange now proposes to amend Rules 952 and 951C to give the Board of Governors the authority to establish the minimum fractional changes for options. Until such time as the Board determines to use its authority to change the minimum fractional changes, the current rules described above will apply. The Exchange believes that the proposal will allow the Exchange to revise its minimum fractional changes quickly in response to changes adopted

in the underlying stock markets and at the other options exchanges. When the Board of Governors determines to change the minimum trading increments, the Exchange will designate such a change as a stated policy, practice, or interpretation with respect to the administration of Rules 952 and 951C within the meaning of subparagraph (3)(A) of subsection 19(b) of the Exchange Act and will file a rule change for immediate effectiveness upon filing with the Commission.

As derivatives securities, the prices of options are determined in references to the prices of the underlying securities. Consequently, the Exchange believes that where practicable, the Exchange should have minimum increments comparable to those applicable to the securities underlying its options.<sup>4</sup>

The Commission finds that the proposed rule change is consistent with the requirements of the Act and rules and regulations thereunder applicable to a national securities exchange, and, in particular, with the requirements of Sections 6 and 11A of the Act.<sup>5</sup> Specifically, the Commission believes that permitting the Exchange to establish trading differentials for option contracts upon the filing of a proposal under Section 19(b)(3)(A) of the Act will help to facilitate securities transactions, to remove impediments to and perfect the mechanism of a free and open market, to foster competition and coordination with persons engaged in regulating securities, and to promote just an equitable principles of trade.

The Commission previously has approved a rule proposal that allows the Exchange to establish trading increments for equity securities.<sup>6</sup> The

<sup>4</sup> See Exchange Act Release No. 38571 (May 5, 1997), 62 FR 25682 (May 9, 1997) (Commission order approving a change in the minimum increment to 1/16th for equity securities listed on the American Stock Exchange); Exchange Act Release No. 38678 (May 27, 1997), 62 FR 30363 (June 3, 1997), (Commission order approving a change in the minimum increment to 1/16th for Nasdaq-listed equity securities); and Exchange Act Release No. 38897 (Aug. 1, 1997), 62 FR 42847 (Aug. 8, 1997) (Commission order approving a change in the minimum increment to 1/16th for NYSE-listed equity securities).

<sup>5</sup> See 15 U.S.C. 78f(b) and 78k-1. In approving this rule change, the Commission notes that it has considered the proposal's impact on efficiency, competition, and capital formation, consistent with Section 3 of the Act. *Id.* at 78c(f).

<sup>6</sup> See Exchange Act Release No. 38571 (May 5, 1997), 62 FR 25682 (May 9, 1997) (Commission order approving a change in the minimum increment to 1/16th for equity securities listed on the American Stock Exchange); Exchange Act Release No. 38678 (May 27, 1997), 62 FR 30363 (June 3, 1997), (Commission order approving a change in the minimum increment to 1/16th for Nasdaq-listed equity securities); and Exchange Act Release No. 38897 (Aug. 1, 1997), 62 FR 42847 (Aug. 8, 1997) (Commission order approving a change in the

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

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

<sup>3</sup> See Exchange Act Release No. 39347 (November 21, 1997), 62 FR 63576 (December 1, 1997).