

May 17, 1996. On June 18, 1996, the holders of a majority of outstanding shares of each Acquired Fund and Bond Fund voted to approve each Plan and the Liquidation Plan, respectively. There was no formal plan to liquidate Money Market Fund, nor was there a shareholder vote or consent to a liquidation. However, shareholders of Money Market Fund were informed of the Manager's intention to cease waiving and absorbing the Fund's expenses effective July 1, 1996 in a supplement to applicant's prospectus filed on February 7, 1996 and in applicant's semi-annual report for the period ended January 31, 1996. Shareholders of Money Market Fund subsequently began voluntarily redeeming their shares at an increased rate, and had redeemed all of their shares by the close of business on June 21, 1996 (the "Closing Date").

5. As of the Closing Date, North American Fund had 660,209 shares outstanding at a net asset value ("NAV") of \$11.11 per share and an aggregate NAV of \$7,333,807, Pacific Basin Fund had 1,983,812 shares outstanding at a NAV of \$9.29 per share and an aggregate NAV of \$18,426,580, European fund had 984,469 shares outstanding at a NAV of \$10.31 per share and an aggregate NAV of \$10,146,588, Latin American fund had 1,617,505 shares outstanding at a NAV of \$8.77 per share and an aggregate NAV of \$14,191,312, and Bond Fund had 833,326 shares outstanding at a NAV of \$10.34 per share and an aggregate NAV of \$5,516,964. As of June 20, 1996, Money Market Fund had an aggregate NAV of \$1,050,236, but by the close of business on the Closing Date, the Fund had an aggregate NAV of \$0 as a result of shareholders' voluntary redemption of their shares in complete liquidation of the fund. Accordingly, as of the Closing Date, applicant had an aggregate NAV of \$55,931,299.

6. On the Closing Date, the assets and state liabilities of each Acquired Fund were transferred to the relevant Acquiring Fund in exchange for shares of the Acquiring Fund. These shares, which had an aggregate NAV equal to the value of Acquired Fund assets transferred to the Acquiring Fund, less the Acquired Fund liabilities assumed by the Acquiring Fund, subsequently were distributed *pro rata* to each Acquired Fund shareholder. Also on the Closing Date, the portfolio securities and other assets of Bond Fund were sold, creditors were paid or reserves for such payments established, and the net proceeds of such sales were distributed to Bond Fund's shareholders in cash, *pro rata*, in accordance with their shareholdings.

7. All expenses incurred in soliciting proxies from applicant's shareholders for approval of each of the Plans and the Liquidation Plan, including the cost of preparing and mailing proxy statements and other materials, were borne by the Manager. Such expenses were approximately \$750,000. Total brokerage fees paid by applicant in connection with the Plans and the Liquidation Plan amounted to \$11,534 (with respect to North American Fund).

8. At the time of the application, applicant had no shareholders, assets, or liabilities, nor was applicant a party to any litigation or administrative proceeding. Applicant is not engaged, nor does it propose to engage, in any business activities other than those necessary for the winding-up of its affairs.

9. Applicant intends to file articles of dissolution with the Secretary of State of Minnesota upon receipt of the order requested by this application.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-25827 Filed 10-8-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37772; File No. S7-24-89]

Joint Industry Plan; Solicitation of Comments and Order Approving Request To Extend Temporary Effectiveness of Plan, Including Temporary Effectiveness of Revised Amendment 9 Thereto, for Nasdaq/National Market Securities Traded on an Exchange on an Unlisted or Listed Basis, Submitted by the National Association of Securities Dealers, Inc., and the Boston, Chicago and Philadelphia Stock Exchanges

October 1, 1996.

The National Association of Securities Dealers, Inc., on behalf of itself and the Boston, Chicago, and Philadelphia Stock Exchanges (collectively, "Participants")¹ has submitted to the

¹ The signatories to the Plan, i.e., the National Association of Securities Dealers, Inc. ("NASD"), and the Chicago Stock Exchange, Inc. ("Chx") (previously, the Midwest Stock Exchange, Inc.), Philadelphia Stock Exchange, Inc. ("Phlx"), and the Boston Stock Exchange, Inc. ("BSE"), are the "Participants." The BSE, however, joined the Plan as a "Limited Participant," and reports quotation information and transaction reports only in Nasdaq/National Market (previously referred to as "Nasdaq/NMS") securities listed on the BSE. Originally, the American Stock Exchange, Inc. ("Amex"), was a Participant to the Plan, but did not trade securities pursuant to the Plan, and withdrew from participation in the Plan in August 1994.

Commission a request² to extend through March 30, 1997, operation of a joint transaction reporting plan ("Plan") and certain related exemptive relief for trading of Nasdaq/National Market securities traded on an exchange on an unlisted or listed basis.³ This notice and order solicits comment on certain related substantive matters identified below and extends the effectiveness of the Plan and the exemptive relief discussed below. Temporary approval of the Plan incorporates temporary approval of Amendment No. 9, as revised, to the Plan relating to revenue sharing, through March 30, 1997.⁴

I. Background

The Commission originally approved the Plan on June 26, 1990.⁵ The Plan

² See letter from Robert E. Aber, Vice President, General Counsel and Secretary, Nasdaq, to Mr. Jonathan G. Katz, Secretary, Commission, dated September 30, 1996.

³ Section 12 of the Act generally requires an exchange to trade only those securities that the exchange lists, except that Section 12(f) of the Act permits unlisted trading privileges ("UTP") under certain circumstances. For example, Section 12(f), among other things, permits exchanges to trade certain securities that are traded over-the-counter ("OTC/UTP"), but only pursuant to a Commission order or rule. The present order fulfills this Section 12(f) requirement. For a more complete discussion of this Section 12(f) requirement, see November 1995 Extension Order, *infra* note 5, at n. 2.

⁴ On March 18, 1996, the Commission, solicited comment on a revenue sharing agreement among the participants. See Securities Exchange Act Release No. 36985 (March 18, 1996), 61 FR 12122 ("March 18, 1996 Extension Order"). Thereafter, the Participants submitted certain technical revisions to the revenue sharing agreement ("revised Amendment 9"). See letter from Robert E. Aber, Vice President, General Counsel, and Secretary, Nasdaq, to Jonathan G. Katz, Secretary, Commission, dated September 13, 1996. See also Securities Exchange Act Release No. 37689, (September 16, 1996), (notice and order recognizing receipt of revised Amendment No. 9) ("September 16, 1996 Extension Order").

⁵ See Securities Exchange Act Release No. 28146 (June 26, 1990), 55 FR 27917 ("1990 Approval Order"). For a detailed discussion of the history of UTP in OTC securities, and the events that led to the present plan and pilot program, See also Securities Exchange Act Release No. 34371 (July 13, 1994), 59 FR 37103 ("1994 Extension Order"). See also Securities Exchange Act Release No. 35221, (January 11, 1995), 60 FR 3886 ("January 1995 Extension Order"), Securities Exchange Act Release No. 36102 (August 14, 1995), 60 FR 43626 ("August 1995 Extension Order"), Securities Exchange Act Release No. 36226 (September 13, 1995), 60 FR 49029 ("September 1995 Extension Order"), Securities Exchange Act Release No. 36368 (October 13, 1995), 60 FR 54091 ("October 1995 Extension Order"), Securities Exchange Act Release No. 36481 (November 13, 1995), 60 FR 58119 ("November 1995 Extension Order"), Securities Exchange Act Release No. 36589 (December 13, 1995), 60 FR 65696 ("December 13, 1995 Extension Order"), Securities Exchange Act Release No. 36650 (December 28, 1995), 60 FR 358 ("December 28, 1995 Extension Order"), Securities Exchange Act Release No. 36934 (March 6, 1996), 61 FR 10408 ("March 6 1996 Extension Order"), March 18, 1996 Extension Order, and September 16, 1996 Extension Order.

governs the collection, consolidation and dissemination of quotation and transaction information for Nasdaq/National Market securities listed on an exchange or traded on an exchange pursuant UTP. Commission approval of operation of the Plan was previously scheduled to expire September 30, 1996. Recently, the Commission received certain technical revisions to Amendment No. 9 to the Plan, which was originally noticed for comment on March 18, 1996, concerning the proposed revenue sharing agreement. In order to provide the Commission with an opportunity to review the revised Amendment No. 9 to the Plan, the Commission extended temporary approval of the Plan through September 30, 1996. The Commission received no comment letters on Amendment No. 9 to the Plan, either as originally proposed or as revised.

II. Description of the Proposal

As originally approved by the Commission, the Plan required the Participants to complete their negotiations regarding revenue sharing during the one-year pilot period. The Participants have now concluded those negotiations, as evidenced by their submission to the Commission of revised Amendment No. 9 to the Plan.

Under the Revenue Sharing Plan, Exchange Participants will receive annual payments in quarterly installments out of total net distributable operating revenue⁶ based on their percentage of total Nasdaq volume,⁷ subject to certain specified minimum and maximum payments for an initial period of four-and-one-half years ("buy-in period").⁸ Thereafter,

once the "buy-in" period elapses with respect to a particular Exchange Participant, that exchange will receive annual payments in quarterly installments out of total net distributable operating revenue proportional to its percentage of total Nasdaq volume, without regard to any minimum or maximum payment amounts. Plan Participants would not be eligible to receive revenue under the Plan until they have established an automated interface with Nasdaq for the transmission of quotations and transaction information. Once an Exchange Participant is eligible to receive revenue under the Revenue Sharing Plan, that Exchange Participant also will be eligible to receive revenue based on its volume for the preceding twelve-month period, up to the maximum payment amount discussed below.⁹

Specifically, the maximum payment amount for any Exchange Participant will be an amount based on total net distributable operating revenue under the Plan for 1995. This maximum payment amount figure will be calculated and furnished to all Exchange Participants by the NASD by April 30, 1996. Based on revenue calculations performed by the NASD in the last quarter of 1995, it is expected that the maximum payment amount will be somewhere in the range of \$820,000 and \$880,000, but this figure could be higher or lower depending on the eventual revenue for 1995. Over time, this maximum payment amount will be adjusted upward or downward

Participant's share of all development costs is the same. In this regard, the Commission notes that the Amex, prior to its withdrawal as a Participant to the Plan, presumably paid a share of development costs to the Processor. The Commission believes that, if the Amex rejoins as a participant to the Plan, the Amex would not be expected to repay any development costs that it has already paid. The Commission believes, however, that an open issue remains as to the proper handling of any payments received by the Participants from a new Participant to the Plan given any contribution to development costs made by the Amex. Specifically, it is not clear whether the Amex, either as a non-Participant to the Plan or after possibly rejoining as a Participant, would be due a proportionate share of development costs paid by a new Participant to the Plan.

⁹ Because the Chx is the only Exchange Participant that has implemented and maintained an automated interface with Nasdaq for the reporting of transaction and quotation information pursuant to the Plan, the Chx will receive a lump-sum payment of \$444,525 payable thirty days after the effective date of the Revenue Sharing Plan. The Commission notes that this amount is based on the following payments for previous periods: (1) For the six-month period ending December 1993, \$50,000; (2) for the one-year period ending December 1994, \$100,000; and (3) for the period between January 1, 1995 and March 5, 1996, \$294,525. For the period March 6 to December 31, 1996, the NASD is scheduled to pay the Chx a *pro rata* amount of its payment for 1996.

depending on fluctuations in net operating revenue relative to revenue in 1995. The minimum payment amount for the Chx would be \$250,000 and likewise would be adjusted upward or downward depending on fluctuations in net operating revenue relative to revenue in 1995. The minimum payment for other exchanges becoming eligible to receive revenue under the Plan would be set relative to the trading volume of the Exchange Participant with the highest trading volume among Exchange Participants during the year before the Participant became eligible to receive revenue under the Plan. The minimum payment amount to other Exchange Participants also would be adjusted annually in the same manner as that of the Chx. Accordingly, for a period of four-and-one-half years, if an Exchange Participant's share of distributable revenue is less than its minimum payment amount, it would receive the minimum payment amount; if its share is equal to or greater than its minimum payment amount but less than its maximum payment amount, it would receive that share of revenue; and, if its share is greater than the maximum payment amount, it would receive the maximum payment amount. The interim plan found in the proposal for the buy-in period also contains provisions for the *pro rata* diminution of the minimum payment amount in the event that an Exchange Participant becomes eligible or ineligible to receive revenue during a calendar year. After this initial buy-in period, an Exchange Participant would receive a relative proportion of net distribution operating revenue based on its trading volume.¹⁰ Payment dates are calculated based on the effective date of this order or, for amounts due after 1996, as of actual dates specified in revised Amendment No. 9.

III. Exemptive Relief

In conjunction with the Plan, on a temporary basis scheduled to expire on September 30, 1996, the Commission

¹⁰ The Commission notes that the NASD, as discussed in the March 18, 1996 Extension order, states its strong belief that Participants should address the fact that, absent an additional amendment to the Plan, Participants would have the right to receive revenue for late trade reports. The NASD "believes it is improper to reward a market center for transmitting stale transactions that, at best, have questionable, if any, redeeming economic value to market participants and, at worse, are potentially disruptive to the marketplace." The NASD also notes the numerous benefits that it believes would be derived from limiting Participant's revenues to those associated with timely-reported transactions. The Commission believes this to be an open matter, and expects the Plan participants to resolve the NASD's concerns in this regard.

⁶ Revised Amendment No. 9 clarifies that net distributable operating revenue for any particular calendar year shall be calculated by adding all revenues from Level 1, Level 2, (non-market maker revenue only), Nasdaq/NMS/Last Sale, and NQDS, including revenues from the dissemination of information among Eligible Securities to foreign marketplaces, and subtracting from such revenues all operating and administrative expenses of the Processor in connection with the collection from the Participants, and consolidation and dissemination to Vendors and Subscribers, of Quotation Information and Transaction Reports in Eligible Securities.

⁷ An Exchange Participant's percentage of total Nasdaq volume will be based on the average of that Exchange's proportion of total Nasdaq *trade* volume reported to Nasdaq and disseminated to securities information vendors, and total Nasdaq *share* volume reported to Nasdaq and disseminated to securities information vendors.

⁸ Revised Amendment No. 9 clarifies that each Participant becoming a signatory to the Plan after June 26, 1990, shall as a condition to become a Participant, pay to the other Plan Participants a proportionate share of the aggregate development costs previously paid by Plan Participants to the Processor, which aggregate development costs totaled \$439,530, with the result that each Exchange

granted an exemption from Rule 11Ac1-2 under the Act regarding the calculated best bid and offer ("BBO"), and granted the BSE an exemption from the provision of Rule 11Aa3-1 under the Act that requires transaction reporting plans to include market identifiers for transaction reports and last sale data.

IV. Comments on the Operation of the Plan

In the January 1995, August 1995, September 1995, October 1995, November 1995, December 13, 1995, December 28, 1995, March 6, 1996, March 18, 1996, and September 16, 1996 Extension Orders, the Commission solicited, among other things, comment on: (1) whether the BBO calculation for the relevant securities should be based on price and time only (as currently is the case) or if the calculation should include size of the quoted bid or offer; and (2) whether there is a need for an intermarket linkage for order routing and execution and an accompanying trade-through rule. The Commission continues to solicit comment on these matters.

V. Solicitation of Comment

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 at the Commission's Public Reference Room. All submissions should refer to File No. S7-24-89 and should be submitted by October 30, 1996.

VI. Conclusion

The Commission finds that an extension of temporary approval of the operation of the Plan through March 30, 1997, is appropriate and in furtherance of Section 11A of the Act as it will provide the Participants with additional time to make reasonable proposals concerning: (1) Whether the BBO calculation for the relevant securities should be based on price and time only (as currently is the case) or if the calculation should include size of the

quoted bid or offer; and (2) whether there is a need for an intermarket linkage for order routing and execution and an accompanying trade-through rule. While the Commission continues to solicit comment on these matters, the Commission believes that these matters should be addressed directly by the Participants during the extension period so that issues presented by these matters will be resolved prior to March 30, 1997.

Concerning incorporation of the revenue sharing agreement within the present temporary approval of the operation of the Plan, the Commission believes that it is appropriate and in furtherance of the Act and the rules thereunder to approve revised Amendment No. 9 to the Plan. Accordingly, revised Amendment No. 9 to the Plan will be temporarily approved, as are all other elements of the Plan, through March 30, 1997. Consequently, any Participants due payments under revised Amendment No. 9 to the Plan (currently, the Chx) during the extension period are to be paid in accordance with the agreement within the time periods described in revised Amendment No. 9 as of this effective date.

The Commission finds further that extension of the exemptive relief through March 30, 1997, as described above, also is consistent with the Act, the Rules thereunder, and specifically with the objectives set forth in Sections 12(f) and 11A of the Act and in Rules 11Aa3-1 and 11Aa3-2 thereunder.

VII. Conclusion

It is therefore ordered, pursuant to Sections 12(f) and 11A of the Act and (c)(2) of Rule 11Aa3-2 thereunder, that the Participants' request to extend the effectiveness of the Joint Transaction Reporting Plan for Nasdaq/National Market securities traded on an exchange on an unlisted or listed basis, incorporating revised Amendment No. 9 thereto, and certain exemptive relief, through March 30, 1997, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority, 17 CFR 200.30-3(a)(29).

Jonathan G. Katz,

Secretary.

[FR Doc. 96-25924 Filed 10-8-96; 8:45 am]

BILLING CODE 8010-01-M

[File No. 500-1]

Systems of Excellence, Inc.; Order of Suspension of Trading

October 7, 1996.

It appears to the Securities and Exchange Commission ("Commission") that there is a lack of adequate and accurate current information about Systems of Excellence, Inc. ("SOE"), of Coral Gables, Florida and McLean, Virginia. Questions have been raised about publicly-disseminated information concerning, among other things: (1) SOE's reported financial condition; (2) the existence and value of services rendered to SOE in exchange for stock issued by SOE; (3) whether stock was issued by SOE to consultants without registration; (4) the reasons for changes in SOE's independent accountants; and (5) SOE's sales of its video teleconferencing products.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of the above-listed company.

Therefore, it is ordered, pursuant to Section 12 (k) of the Securities Exchange Act of 1934, that trading in the above listed company is suspended for the period from 9:00 a.m. EDT, October 7, 1996 through 11:59 p.m. EDT, On October 21, 1996.

By the Commission.
Margaret H. McFarland,
Deputy Secretary.
[FR Doc. 96-26066 Filed 10-7-96; 11:39 am]
BILLING CODE 8010-01-M

[Release No. 34-37773; File No. SR-Amex-96-05]

Self-Regulatory Organizations; American Stock Exchange, Inc.; Order Approving Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval of Amendments Thereto Relating to Assurances of Delivery for Short Sales of Derivative Securities into an Underwriting Syndicate's Stabilizing Bid

October 1, 1996.

On January 31, 1996, the American Stock Exchange, Inc. ("Amex" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² a proposed rule change to require that members trading derivative securities as Registered Options Traders

¹ 15 U.S.C. 78s(b)(1) (1988 & Supp. V 1993).

² 17 CFR § 240.19b-4 (1994).