interested Trustees will be retained to represent each Fund's Non-interested Trustees. The selection of such counsel will be placed within the discretion of the Non-interested Trustees.

8. Key Advisers will provide each Fund's Board no less frequently than quarterly with information about Key Advisers' profitability for each Participating Series relying on the relief requested in the application. Whenever a Money Manager to a particular Participating Series is hired or terminated, Key Advisers will provide the Fund's Board with information showing the expected impact on Key Advisers' profitability, and quarterly reports will reflect the impact on profitability of the hiring or termination of Money Managers during the quarter.

9. Key Advisers will provide general management and administrative services to the Participating Series and, subject to board review and approval, will: (a) set the Participating Series' overall investment strategies, (b) recommend Money Managers, (c) allocate and, when appropriate, reallocate the Participating Series' assets among Money Managers, (d) monitor and evaluate Money Manager performance, and (e) oversee Money Manager compliance with the Participating Series' investment objective, policies, and restrictions.

10. No director, trustee, or officer of the Funds or Key Advisers will own directly or indirectly (other than through a pooled investment vehicle over which such person does not have control) any interest in a Money Manager except for: (a) ownership of interests in Key Advisers or any entity that controls, is controlled by, or is under common control with Key Advisers; or (b) ownership of less than 1% of the outstanding securities of any class of equity or debt of a publicly traded company that is either a Money Manager or an entity that controls, is controlled by, or is under common control with a Money Manager.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–31335 Filed 12–9–96; 8:45 am]

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[Release No. 34–38012; File No. SR–CBOE–96–63]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Incorporated Relating to the Collection of Commission Income by an Non-Executing Floor Broker and Pooling of Floor Brokerage

December 3, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on October 21, 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 Item 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 Chicago Board Options Exchange, Incorporated proposed to delete Rule 6.25, Pooling of Floor Brokerage, and Rule 14.6, Collection of Floor Brokerage. The text of the proposed rule change is available at the Office of the Secretary, CBOE 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 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 delete two rules, Rule 6.25 and Rule 14.6, which place limitations on the conduct of a floor brokerage business on the floor of the Exchange. The Exchange believes that these rules are now no longer necessary to achieve their original purpose, *i.e.*, to ensure that customer orders are handled with due diligence, in light of the adoption of rules which specifically govern floor broker behavior and in light of changes in the industry over the last twenty years since these rules were adopted.

Rule 6.25

Rule 6.25, Pooling of Floor Brokerage, prohibits a member organization that has one or more floor brokers who are nominees of or whose memberships are registered for the member organization to enter into any agreement, arrangement, or understanding with another such organization whereby such organizations are to handle floor brokerage for each other. The rule 6.25 prohibition does not apply to the handling of floor brokerage by one such firm for another on an occasional basis or to an arrangement permitted by the Equity Floor Procedure Committee in writing. Buy its terms, the Rule also does not prohibit an independent floor broker from handing floor brokerage for a member organization.

Both Rule 6.25 and Rule 14.6 were adopted at the infancy of the Exchange in a very different environment than exists now. The adoption of these rules was a simple method to ensure that floor brokers provided good service to their customers. Rule 6.25 was intended to prevent the larger member firm organizations from dominating the floor brokerage business, thus limiting competition. A rule that prohibits a floor broker from employing the services of a member organization employing more than one floor broker, however, could severely limit that brokers ability to handle his order flow in an efficient and timely manner, particularly at those posts without an independent floor broker. The Exchange believes, therefore, that this rule might actually hinder the efficient representation of customer orders on the floor and that floor broker organizations should be given the opportunity to develop such relationships as they feel can best enable them to service their customers. According to the CBOE, deletion of Rules 6.25 and 14.6 would remove the Exchange from the business of making business determinations for the floor brokers about what type of relations can best meet their needs and allow them to best service their customers.

Rule 14.6

Rule 14.6, Collection of Floor Brokerage, requires a member who acts as a floor broker for another member to collect and retain the entire brokerage

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

[2] 17 CFR 240.19b–4.

and prohibits the collecting broker from dividing the brokerage with any other person. Rule 14.6, however, does permit the brokerage earned by a nominee of, or a broker whose membership is registered for, a member organization to be paid to the member organization. In this event, the member's compensation from the member organization must be commensurate with the brokerage so contributed and other services rendered.

The deletion of Rule 14.6 would permit a floor broker who is absent from the trading crowd when the related trade occurs (''absent floor broker'') to collect and retain the brokerage commission for an order executed by another floor broker (''executing floor broker'') on behalf of the absent floor broker. Currently, the limitations of Rule 14.6 create a practical problem when a floor broker must leave a trading crowd to attend to other business or personal matters. In these situations, the floor broker often will give his orders to another floor broker to execute on his behalf in order to ensure the customer does not miss out on a market opportunity in his absence. However, the customer of the absent floor broker ordinarily will not have a relationship with the executing broker and will not expect to receive a bill from the executing broker. Under the proposed rule change, the absent floor broker would be entitled to bill the customer for the trade executed by the executing floor broker with the bill for all the other trades executed by the absent floor broker on behalf of that customer. The proposal, therefore, would reduce the chance of customer confusion and would also reduce administrative burdens for the floor brokers.

The Exchange believes it is proper for the floor brokers to make any business arrangements among themselves which they believe to be appropriate and which would lead to the efficient conduct of business. In light of the potential customer confusion and the administrative burdens, the Exchange does not believe the restriction against collecting brokerage for a trade executed on one's behalf serves a useful regulatory purpose in situations where a floor broker must leave a trading crowd for personal reasons or to attend to other business.

Regardless of who is being paid the brokerage commission for the trade, however, the floor broker who actually executes the trade would have to have his or her acronym placed on the trade ticket and would be responsible for using due diligence in the handling of the order and in fulfilling all the other responsibilities of a floor broker in the representation of the order pursuant to Exchange rules. The Exchange believes that because the executing floor broker will be held responsible under Exchange rules for handling the order, the order will be treated with proper care by the executing floor broker regardless of who is paid for the trade. In addition, the Exchange believes that floor brokers will have a financial incentive to execute the orders either because of a reciprocal relationship of passing along orders or through a sharing of the brokerage commission.

By eliminating outdated restrictions on the conduct of floor brokerage on the floor, the proposed rule change should help to provide floor brokers with the flexibility to develop relationships which should provide for the most efficient conduct of customer business on the floor and at the same time should avoid customer confusion by eliminating additional bills for brokerage services. The proposed rule change, therefore, is consistent with and furthers the objectives of Section 6(b)(5) of the Act, in that it is designed to perfect the mechanisms of a free and open market and to protect investors and the public interest.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act in that it is designed to prevent fraudulent and manipulative acts and practices and to perfect the mechanism of a free and open market.

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.

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

Within 35 days of the 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 self-regulatory organization consents, the Commission will:

(A) by order approve the proposed rule change, or

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

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 at 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 Exchange. All submissions should refer to File No. SR–CBOE–96–63 and should be submitted by December 31, 1996.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–31333 Filed 12–9–96; 8:45 am]

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[Release No. 34–38015; File No. SR–NYSE–96–32]

Self-Regulatory Organizations; New York Stock Exchange, Incorporated; Notice of Filing of Proposed Rule Change Relating to the Exchange's Policy on Tape Indications

December 3, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on November 26, 1996, the New York Stock Exchange, Inc. (''NYSE'' 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 self-regulatory organization. The Commission is publishing this notice to

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