

employers, references, neighbors, and associates, (c) investigative records and notices of personnel actions furnished by other federal agencies, (d) sources such as educational institutions, police departments, credit bureaus, probation officials, prison officials, and doctors, and (e) public records such as court filings and publications such as newspapers, magazines, and periodicals.

**EXEMPTIONS CLAIMED FOR THE SYSTEM:**

This system of records is exempt from the access and contest and certain other provisions of the Privacy Act (5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G) through (l), and (f)) to the extent that disclosure would reveal the identity of a source who furnished information to the PBGC under an express promise of confidentiality or, prior to September 27, 1975, under an implied promise of confidentiality (5 U.S.C. 552a(k)(5)).

[FR Doc. 95-28201 Filed 11-14-95; 8:45 am]

BILLING CODE 7708-01-P

**RAILROAD RETIREMENT BOARD**

**1996 Railroad Experience Rating Proclamations**

**AGENCY:** Railroad Retirement Board.

**ACTION:** Notice.

**SUMMARY:** The Railroad Retirement Board is required by paragraph (1) of section 8(c) of the Railroad Unemployment Insurance Act (Act) (45 U.S.C. 358(c)(1)), as amended by Public Law 100-647, to proclaim by October 15 of each year certain system-wide factors used in calculating experience-based employer contribution rates for the following year. The Board is further required by section 8(c)(2) of the Act to publish the amounts so determined and proclaimed. Pursuant to section 8(c)(2), the Board gives notice of the following system-wide factors used in the computation of individual employer contribution rates for 1996:

(1) The balance to the credit of the Railroad Unemployment Insurance (RUI) Account, as of June 30, 1995, is \$184,398,531.65;

(2) The balance of any new loans to the Account, including accrued interest, is zero;

(3) The system compensation base is \$2,818,188,567.38;

(4) The system unallocated charge balance is -\$171,450,992.09;

(5) The pooled credit ratio is zero;

(6) The pooled charge ratio is zero;

(7) The surcharge rate is zero.

**DATES:** The balance in notice (1) and the determinations made in notices (3)

through (7) are based on data as of June 30, 1995. The balance in notice (2) is based on data as of September 30, 1995. The determinations made in notices (5) through (7) apply to the calculation, under section 8(a)(1)(C) of the Act, of employer contribution rates for 1996.

**ADDRESSES:** Secretary to the Board, Railroad Retirement Board, 844 Rush Street, Chicago, Illinois 60611.

**FOR FURTHER INFORMATION CONTACT:**

Gerald E. Helmling, Chief of Experience Rating, Bureau of Unemployment and Sickness Insurance, Railroad Retirement Board, 844 North Rush Street, Chicago, Illinois 60611-2092, telephone (312) 751-4567.

Dated: November 6, 1995.

By Authority of the Board.

Beatrice Ezerski,

Secretary to the Board.

[FR Doc. 95-28112 Filed 11-14-95; 8:45 am]

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**SECURITIES AND EXCHANGE COMMISSION**

[Rel. No. IC-21484; 812-9826]

**First American Investment Funds, Inc. and First Bank National Association; Notice of Application**

November 8, 1995.

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

**ACTION:** Notice of Application for Exemption under the Investment Company Act of 1940 (the "Act").

**APPLICANTS:** First American Investment Funds, Inc. ("FAIF") and First Bank National Association (the "Adviser").

**RELEVANT ACT SECTIONS:** Order requested under section 17(b) granting an exemption from section 17(a), and pursuant to section 17(d) and rule 17d-1.

**SUMMARY OF APPLICATION:** Applicants request an order under section 17(b) granting an exemption from section 17(a), and pursuant to section 17(d) and rule 17d-1 to permit the Stock Fund, a series of FAIF, to acquire all of the assets of the Limited Volatility Stock Fund, another series of FAIF. Because of certain affiliations, the two funds may not rely on rule 17a-8 under the Act.

**FILING DATES:** The application was filed on October 18, 1995.

**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 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 December 4, 1995, 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 requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

**ADDRESSES:** Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants: FAIF, 680 East Swedesford Road, Wayne, Pennsylvania 19087. The Adviser, First Bank Place, 601 Second Avenue South, Minneapolis, Minnesota 55480.

**FOR FURTHER INFORMATION CONTACT:**

Sarah A. Wagman, Staff Attorney, at (202) 942-0654, or Alison E. Baur, Branch Chief, at (202) 942-0564 (Office of Investment Company Regulation, Division of Investment Management).

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

**Applicants' Representations**

1. FAIF is an open-end management investment company organized as a Maryland corporation and registered under the Act. FAIF currently offers twenty-two series of shares. The Adviser acts as investment adviser to each series. The Adviser is a wholly-owned subsidiary of First Bank System, Inc. ("FBS").

2. First Trust National Association ("First Trust") also is a wholly-owned subsidiary of FBS, and acts as custodian for FAIF. First Trust and its affiliates hold of record in their own name and in the name of their nominee more than 5% of the outstanding shares of the Limited Volatility Stock Fund and the Stock Fund, and they hold or share voting and/or investment discretion with respect to a portion of such shares. All such shares are held for the benefit of others in a trust, agency, custodial, or other fiduciary or representative capacity. First Trust and its affiliates do not have any economic interest in any of the shares.

3. Applicants propose that the Limited Volatility Stock Fund (the "Acquired Fund") be combined with and into the Stock Fund (the "Acquiring Fund;" the Acquired Fund and the Acquiring Fund collectively are referred to as the "Funds") in a tax-free reorganization (the "Reorganization"). In the Reorganization, the Acquiring

Fund will acquire all of the assets and liabilities of the Acquired Fund in exchange for shares of the Acquiring Fund, which then will be distributed *pro rata* to former shareholders of the Acquired Fund.

4. The Acquiring Fund and the Acquired Fund both offer shares in three classes: Class A, Class B, and Class C. Each class of the Acquiring Fund has the same charges and fee structure as the corresponding class of the Acquired Fund. In the Reorganization, Class A shares of the Acquired Fund would be exchanged for Class A shares of the Acquiring Fund, Class B shares would be exchanged for Class B shares, and Class C shares would be exchanged for Class C shares. The number of Acquiring Fund shares to be issued in exchange for each Acquired Fund share of each class will be determined by dividing the net asset value of one Acquiring Fund share of such class by the net asset value of one Acquired Fund share of the same class as of the effective time of the Reorganization (before giving effect thereto).

5. At a meeting on September 13, 1995, the Board of Directors of FAIF, including the disinterested directors, and the findings required under rule 17a-8 and unanimously approved the proposed Reorganization. In doing so, the Board considered (a) the compatibility of the investment objectives, policies and restrictions of the Acquired Fund and the Acquiring Fund; (b) the expected advantages of the Reorganization to the Acquired Fund and the Acquiring Fund; (c) the tax-free nature of the Reorganization; (d) the terms and conditions of the Reorganization; (e) the costs associated with the Reorganization, and the agreement of the Adviser to bear such costs; (f) the investment advisory and rule 12b-1 fees, and the sales charges applicable to the Acquired Fund and the Acquiring Fund; and (g) the potential benefits to the Adviser of the Reorganization.

6. In considering the compatibility of the two Funds, the Board noted that the investment objectives of the Acquired Fund and the Acquiring Fund are similar, in that both Funds seek capital appreciation and income. The principal difference in objectives is that the Acquired Fund seeks to maintain a five-year historical performance relative to the S&P 500 at a beta level no greater than .95 and to provide current income at a level that exceeds that of the S&P 500, while the Acquiring Fund's objectives are not stated with such a degree of specificity. Nevertheless, the Board noted that during the five years ended June 30, 1995, the Acquiring

Fund met the Acquired Fund's objective with respect to beta relative to the S&P 500. In addition, the investment policies and restrictions of the Fund are substantially similar.

7. The expected advantages to the Acquired Fund and Acquiring Fund that the Board considered include the expected benefits to shareholders of the Acquired Fund of the Acquiring Fund's lower expense ratio; the elimination of certain duplicative expenses of separate funds; the spreading of relatively fixed expenses across a larger asset base; and the facilitation of portfolio management. The potential benefits to the Adviser considered by the Board include potentially reduced expenses for advisory fee waivers to the extent that the total expense ratios before waivers of the combined Funds decrease as a result of the Reorganization. The Board found that the expected advantages to the Acquiring Fund and the Acquired Fund outweighed the potential benefits to the Adviser.

8. Applicants agree not to make any material changes to the Reorganization agreement that affect the application without the prior approval of the SEC. Applicants also agree not to waive, amend, or modify any provision of the Reorganization agreement that is required by state or federal law in order to effect the Reorganization.

9. A registration statement on Form N-14 with respect to the proposed Reorganization will be filed with the SEC. A special meeting of shareholders of the Acquired Fund will be held to consider and act upon the Reorganization.

10. As a result of the proposed Reorganization, former holders of Class A shares, Class B shares, and Class C shares of the Acquired Fund would become holders of classes of shares in the Acquiring Fund that are subject to the same sales charges, rule 12b-1 distribution and shareholder servicing fees, and investment advisory fees as the Acquired Fund shares that they formerly held. Shareholders who formerly held classes of shares of the Acquired Fund that were subject to a contingent deferred sales charge would receive credit for the period that they held such shares in calculating the time period with respect to the contingent deferred sales charge applicable to shares of the corresponding classes of the Acquiring Fund received in the Reorganization.

11. The Adviser currently waives its fee for both the Acquired Fund and the Acquiring Fund under certain circumstances. The Adviser represents that its current advisory fee waivers will remain in effect through January 31,

1996, which is the earliest date upon which the proposed Reorganization would take effect. The Adviser has not yet determined what fee waivers, if any, will be in effect after that date.

However, if any waiver is made after that date, the Adviser intends that the total expense caps thereunder would be the same for the Acquired Fund and the Acquiring Fund. Thus, in no event will the shareholders of the Acquired Fund become subject to a less advantageous total expense cap as a result of the Reorganization. In addition, the differential among classes in the total expense cap agreed to by the Adviser will be equal to the differential in rule 12b-1 fees applicable to the respective classes.

#### Applicants' Legal Analysis

1. Section 2(a)(3) of the Act provides, in pertinent part, that any person directly or indirectly owning, controlling, or holding with power to vote 5% or more of the outstanding voting securities of any other person is an affiliated person of that person.

2. Section 17(a), in pertinent part, prohibits an affiliated person of a registered investment company, or any affiliated person of such a person, acting as principal, from selling to or purchasing from such registered company, or any company controlled by such registered company, any security or other property.

3. Section 17(b) provides that the SEC may exempt a transaction from the provisions of section 17(a) if evidence establishes that the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transaction is consistent with the policy of the registered investment company concerned and with the general purposes of the Act.

4. Rule 17a-8 exempts from the prohibitions of section 17(a) mergers, consolidations, or purchases or sales of substantially all of the assets of registered investment companies that are affiliated persons solely by reason of having a common investment adviser, common directors, and/or common officers, provided that certain conditions set forth in the rule are satisfied.

5. As noted above, the Acquiring Fund and the Acquired Fund have a common investment adviser. Thus, the Reorganization would be exempt from the provisions of section 17(a) by virtue of rule 17a-8, but for the fact that the Acquiring Fund and the Acquired Fund may be affiliated for reasons other than

those set forth in the rule. First Thrust, which is under common ownership and control with the Adviser, and its affiliates hold of record in their own name and in the name of their nominee more than 5% of the outstanding voting securities of the Acquiring Fund and the Acquired Fund and hold or share voting and/or investment discretion with respect to a portion of such shares. Because of this greater than 5% holding, the Acquiring Fund is an affiliated person of First Trust under section 2(a)(3)(B). First Trust, in turn, is an affiliated person of the Adviser under section 2(a)(3)(C) by virtue of their common ownership and control by FBS. The Adviser, in turn, is an affiliated person of the Acquired Fund under Section 2(a)(3)(E) by virtue of its investment advisory relationship with the Funds. Therefore, the Acquiring Fund is an affiliated person of an affiliated person of the Acquired Fund.

6. Section 17(d) prohibits any affiliated person of, or principal underwriter for, a registered investment company, or any affiliated person of such a person, acting as principal, from effecting any transaction in which such registered company is a joint, or joint and several, participant with such person in contravention of such rules and regulations as the SEC may prescribe for the purpose of limiting or preventing participation by such registered company on a basis different from, or less advantageous than, that of such other participant. Rule 17d-1 provides that no joint transaction covered by the rule may be consummated unless the SEC grants exemptive relief after considering whether the participation of the investment company is consistent with the provisions, policies and purposes of the Act and the extent to which the participation is on a basis different from, or less advantageous than, that of other participants.

7. The proposed sale of assets by the Acquired Fund to the Acquiring Fund and the related transactions involved in the Reorganization might be deemed to be a joint enterprise or other joint arrangement in which a registered investment company and affiliated person of such company are participants.

8. Applicants submit that the Reorganization meets the standards for relief under section 17(b) and rule 17d-1, in that the terms of the Reorganization, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned; the Reorganization is consistent with the policy of the

Acquired Fund and the Acquiring Fund; the Reorganization is consistent with the general purposes of the Act; the participation of the Acquired Fund and the Acquiring Fund in the Reorganization on the basis proposed is consistent with the provisions, policies, and purposes of the Act; and the extent to which such participation is on a basis different from or less advantageous than that of other participants does not outweigh the advantages of such participation.

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

Margaret H. McFarland,  
Deputy Secretary.

[FR Doc. 95-28167 Filed 11-14-95; 8:45 am]

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[Release No. 34-36465; File No. SR-NYSE-95-38]

**Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the New York Stock Exchange, Inc. Relating to the Revision of Equity Transaction Charges**

November 8, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on November 7, 1995 the New York Stock Exchange, Inc. ("NYSE" 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 NYSE plans to implement, as of January 1996 trading, rate revisions to its equity transaction charges. Included in this revision are the elimination of all system credits, a reduction of charges for shares 5,000 and under, the elimination of charges for non-market maker system orders from 100 to 2,099 shares, the elimination of the growth limitation of 4% over 1988 levels, and the implementation of a monthly \$400,000 transaction charge cap per firm. The text of the proposed rule change is set forth below [new text is italicized; deleted text is bracketed]:

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

Equity Transaction Charges	1995	1996
Per Share Charge—per transaction:		
System Orders from 100–2,099 shares <sup>1</sup>	\$0.00265	No Charge
Floor Executed Trades and System Trades—greater than 2,099 shares:		
First 5,000 shares .....	\$0.00265	\$0.00190
5001 to 710,000 (previously 672,500) ..	\$0.00010	\$0.00010
Subsequent shares .....	No charge	No charge
System Credits:		
Credit per eligible order placed through CMS (100–2,099 shares) .....	\$0.30	None
Additional credit—Individual or Agency Market order from 100–2,099 shares [(1)] .....	\$1.30	None
Floor Brokerage:		
Credit on Floor Brokerage Paid Out (percent) .....	1.2	1.2
Fee Limitations:		
Equity Commissions (percent)	2	2
Percent Growth over 1988 (percent) .....	4	None
Monthly Fee <sup>2</sup> .....	None	\$400,000

<sup>1</sup> Not inclusive of orders of a member or member organization trading as an agent for the account of a nonmember competing market maker.

Competing Market Maker: a specialist or market-maker registered as such on a registered stock exchange (other than the NYSE), or a market-maker bidding and offering over-the-counter, in a New York Stock Exchange-traded security.

<sup>2</sup> Monthly Fee Limitation will be removed January 1, 1999 and will be indexed annually to average daily volume.

**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