

(ACNW) (Public Meeting) (Contact: John Larkins, 301-415-7360)

Week of May 26—Tentative

There are no meetings scheduled for the week of May 26.

Week of June 2—Tentative

Wednesday, June 4

11:30 a.m. Affirmation Session (Public Meeting) (if needed)

Week of June 9—Tentative

Thursday, June 12

1:30 p.m. Briefing on Status of License Renewal (Public Meeting)

3:00 p.m. Briefing on Steam Generator Issues (Public Meeting)

4:30 p.m. Affirmation Session (Public Meeting) (if needed)

Friday, June 13

9:00 a.m. Briefing on Medical Regulation Issues (Public Meeting)

* The schedule for Commission Meetings is subject to change on short notice. To verify the status of meetings call (recording)—(301) 415-1292.

Contact Person for More Information: Bill Hill (301) 415-1661.

The NRC Commission Meeting Schedule can be found on the Internet at: <http://www.nrc.gov/SECY/smj/schedule.htm>.

This notice is distributed by mail to several hundred subscribers; if you no longer wish to receive it, or would like to be added to it, please contact the Office of the Secretary, Attn: Operations Branch, Washington, DC 20555 (301-415-1661).

In addition, distribution of this meeting notice over the internet system is available. If you are interested in receiving this Commission meeting schedule electronically, please send an electronic message to wmh@nrc.gov or dkw@nrc.gov.

Dated: May 16, 1997.

William M. Hill, Jr.,

SECY Tracking Officer, Office of the Secretary.

[FR Doc. 97-13357 Filed 5-16-97; 2:18 pm]

BILLING CODE 7590-01-M

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 22660; 812-10440]

The Kent Funds; Notice of Application

May 14, 1997.

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

ACTION: Notice of application for exemption under the Investment Company Act of 1940 (the "Act").

APPLICANT: The Kent Funds.

RELEVANT ACT SECTIONS: Order requested: (a) Under section 6(c) of the Act granting exemptions from sections 13(a)(2), 18(f)(1), 22(f), and 22(g) of the Act and rule 2a-7 thereunder; (b) under sections 6(c) and 17(b) granting exemption from section 17(a)(1) of the Act; and (c) under section 17(d) and rule 17(d)(1) thereunder to permit certain joint transactions.

SUMMARY OF APPLICATION: Applicant requests an order that would permit it and each of its existing and future series to enter into deferred fee arrangements with its trustees and to effect certain transactions incidental thereto.

FLING DATES: The application was filed on November 20, 1996 and amended on April 21, 1997.

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 applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on June 9, 1997 and should be accompanied by proof of service on the applicant, 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. Applicant, 3435 Stelzer Road, Columbus, Ohio 43219.

FOR FURTHER INFORMATION CONTACT: Kathleen L. Knisely, Staff Attorney, at (202) 942-0517, or H. R. Hallock, Jr., Special Counsel, 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.

Applicant's Representations

1. Applicant is registered under the Act as an open-end management investment company and organized as a Massachusetts business trust. Applicant currently consists of fourteen investment portfolios (the "Funds"). Old Kent Bank, a Michigan banking

association (the "Adviser"), serves as investment adviser for each portfolio.

2. Applicant's board of trustees currently consists of five persons, four of whom are not "interested persons" of applicant within the meaning of section 2(a)(19) of the Act. Each trustee, except the trustee who is an "interested person" of applicant, receives an annual retainer, plus an additional fee for each board meeting attended. The fees paid to the trustees are allocated among the Funds based on their relative net assets.

3. The deferred fee arrangement which has been adopted by applicant is implemented through a Deferred Compensation Plan (the "Plan"). The purpose of the Plan is to permit individual trustees to defer receipt of their fees to enable them to defer payment of income taxes on such fees, an arrangement which should help applicant attract and retain qualified trustees. The Plan may be amended from time to time, but such amendments will not be inconsistent with the relief granted to the applicant pursuant to the application. In addition, such amendments will be limited to immaterial amendments or supplements, or will be amendments or supplements made to conform the Plan to applicable law.

4. Under the Plan, the amount of a trustee's compensation deferred under the Plan (the "Compensation Deferrals") is credited to a book reserve account (each a "Deferral Account") each calendar quarter in which such fees would have otherwise been paid. The liability represented by the Deferral Account for each trustee is allocated among the Funds based on their relative net assets and recorded on the books of each Fund. Each Deferral Account will be credited or charged with book adjustments so that the value of the Deferral Account, as of any date, will be equal to the value such account would have had if the amount credited to it had been invested and reinvested in the investment alternative(s) designated by the trustee (the "Designated Investment(s)").

5. Currently, the only available Designated Investment under the Plan is 91-day U.S. Treasury Bills. Upon receipt of an order by the SEC, applicant intends to make certain of the Funds available as Designated Investments. The trustees may elect to change the Designated Investments for future or past Compensation Deferrals by delivering written notice to applicant's treasurer.

6. With respect to the obligations created under the Plan, each trustee will be a general unsecured creditor of each Fund. A Fund's obligation to make

payments with respect to a Deferral Account will be a general obligation of the Fund to be made *pro rata* from its general assets. The Plan does not create an obligation of the Trust or any Fund to purchase, hold, or dispose of any investments. If a Fund should choose to purchase investments in order to exactly "match" its obligations to credit or charge the Deferral Account with the earnings and gains or losses attributable to the Designated Investment(s), all such investments will be part of the general assets of such Fund. While matching would ensure that the Plan would have no effect on the net assets of any Fund, applicant believes that, even without matching, any such effect will be negligible since the amounts subject to the Plan are expected to be insignificant in comparison to the total assets of each Fund.

7. Any money market fund that values its assets by the amortized cost method will buy and hold the Designated Investments that determine the performance of Deferral Accounts to achieve an exact match between the liability of any such Fund to pay Compensation Deferrals and the assets that offset that liability. Except in the case of money market Funds, applicant expects to effect matching transactions only if circumstances warrant, based upon a consideration of a Fund's total assets and the amount of deferred compensation subject to the Plan. In no event do the Funds anticipate purchasing or selling shares of other investment companies that may be Designated Investments to a greater extent than is permitted by section 12(d)(1) of the Act. Each Fund will vote shares of any affiliated Fund held pursuant to the Plan in proportion to the votes of all other holders of shares of such Fund.

8. Under the Plan, distribution from the trustee's Deferral Account may be made in a lump sum or in installments as elected by the trustee. The distribution would commence as of January 31st of the year following the year in which the trustee dies, retires, or otherwise ceases to be a member of applicant's board of trustees. In the event of death, amounts payable to the trustee under the Plan will become payable to a beneficiary designated by the trustee; in all other events, the trustee's right to receive payments is non-transferable. In addition, applicant may at any time make a single sum payment to a trustee equal to all or part of the balance in the trustee's Deferral Account. Such payment would be made upon a showing of an unforeseeable financial emergency caused by an event beyond the control of the trustee, which

would result in a severe financial hardship to the trustee if such payment were not made.

9. The Plan does not, and will not obligate applicant to retain the services of a trustee, nor will it obligate applicant to pay any (or any particular level of) fees to any trustee. Rather, it will merely permit a trustee to elect to defer receipt of fees that would otherwise be payable from applicant.

Applicant's Legal Analysis

1. Applicant requests an order under section 6(c) of the Act granting relief from sections 13(a)(2), 18(f)(1), 22(f), and 22(g) of the Act and rule 2a-7 thereunder to the extent necessary to permit applicant to enter into deferred fee arrangements with its trustees; under section 6(c) and 17(b) of the Act granting relief from section 17(a)(1) to the extent necessary to permit the Funds to sell securities issued by them to other Funds in connection with such deferred fee arrangements; and pursuant to section 17(d) of the Act and rule 17d-1 thereunder to the extent necessary to permit applicant and the Funds to engage in certain joint transactions incident to such deferred fee arrangements.¹

2. Section 6(c) of the Act provides, in part, that the SEC may, by order upon application, conditionally or unconditionally exempt any person, security or transaction from any provision of the Act, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

3. Section 18(f)(1) of the Act generally prohibits a registered open-end investment company from issuing senior securities. Section 13(a)(2) of the Act requires that a registered investment company obtain shareholder authorization before issuing any senior security not contemplated by the recitals of policy in its registration statement. Section 18(g) of the Act defines "senior security" to include "any bond, debenture, note or similar obligation or instrument constituting a security and evidencing indebtedness." Applicant states that the Plan does not and will not give rise to any of the

¹ Applicant acknowledges that the requested order would not permit a party acquiring its assets to assume its obligations under the Plan if such assumption of obligations would violate the Act. Accordingly, such assumption would be permitted only if the assuming party is (1) another Fund, (2) another registered investment company that has received exemptive relief similar to that sought by the application, or (3) not a registered investment company.

"evils" that led to Congress' concerns in this area. Neither applicant nor any Fund will be "borrowing" from the trustees. The Plan will not induce speculative investments by any Fund or provide an opportunity for manipulative allocation of a Fund's expenses and profits, affect the control of any Fund, confuse investors or convey a false impression as to the safety of their investments, or be inconsistent with the theory of mutuality of risk.

4. Section 22(f) prohibits undisclosed restrictions on the transferability or negotiability of redeemable securities issued by open-end investment companies. The Plan would set forth such restrictions, and such restrictions are included primarily to benefit the participating trustee and would not adversely affect the interests of any trustee or any shareholder of the Funds.

5. Section 22(g) generally prohibits registered open-end investment companies from issuing any of their securities for services or for property other than cash or securities. Applicant states that the legislative history of the Act suggests that Congress was concerned with the dilutive effect on the equity and voting power of common stock of, or units of beneficial interest in, an open-end company if the company's securities were issued for consideration not readily valued. Applicants asserts that the Plan would not have this effect for the trustee's right to receive payments under the Plan is not granted in return for services or property other than cash already owed to the trustee. Applicant submits that the Plan would merely provide for deferral of the payment of such fees, and thus any rights under the Plan should be viewed as being "issued" not for services but in consideration of the Fund's not being required to pay such fees on a current basis.

6. Rule 2a-7 imposes certain restrictions on the investments of "money market funds," as defined under the rule, that generally would prohibit a Fund that is a money market fund from investing in the shares of other Funds. Applicant requests relief from the rule to permit the money market funds to invest in Designated Investments. This would enable such Funds to achieve an exact matching of the Designated Investment with the deemed investments of the Deferral Accounts, thereby ensuring that the deferred fee arrangements will not affect net asset value.

7. Section 17(a)(1) of the Act generally prohibits an affiliated person of a registered investment company, or any affiliated person of such person, from selling any security to such registered

investment company. Applicant submits that the Funds may be affiliated persons of each other pursuant to section 2(a)(3) of the Act by reason of being under common control of the Adviser.

Applicant asserts that section 17(a)(1) was designed to prevent sponsors of investment companies from using investment company assets as capital for enterprises with which they are associated or acquire controlling interests in such enterprises. Applicant submits that the sale of securities issued by the various Funds pursuant to the Plan does not implicate Congress' concerns in enacting this section, but merely facilitates the matching of the liabilities for Compensation Deferrals with the Designated Investments, the value of which determines the amount of such liabilities.

8. Section 17(b) authorizes the SEC to exempt a proposed transaction from section 17(a) if evidence establishes that: (a) The terms of the transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching; (b) the transaction is consistent with the policy of each registered investment company concerned; and (c) the transaction is consistent with the general purposes of the Act. Applicant submits that all Funds meet the standards for relief under section 17(b) of the Act. Applicant further submits that the requested relief from various provisions of the Act meets the standards for an exemption set forth in section 6(c) of the Act.

9. Section 17(d) and rule 17d-1 are designed to limit or prevent a registered investment company's joint or joint and several participation with an affiliated person in a transaction in connection with any joint enterprise or other joint arrangement or profit-sharing plan "on a basis different from or less advantageous than that of" the affiliated person. Applicant asserts that any adjustments made to the Deferral Accounts to reflect the income, gain, or loss with respect to the Designated Investments would be identical to the changes in share value experienced by any investor in the same investments during the same period, but whose securities were not held in a Deferral Account. The participating trustee would neither directly nor indirectly receive a benefit that would otherwise inure to the Funds or to any of their shareholders, and thus the Plan would not constitute a joint or joint and several participation by any Fund with an affiliated person on a basis different from or less advantageous than that of the affiliated person. Applicant asserts that the deferral of a trustee's fees in

accordance with the Plan would maintain the parties, viewed both separately and in their relationship to one another, in the same position (apart from tax effects) as would occur if the trustees' fees were paid on a current basis and then invested by the trustee directly in the Designated Investments.

Applicant's Conditions

Applicant agrees that the order of the SEC granting the requested relief shall be subject to the following conditions:

1. With respect to the requested relief from rule 2a-7, any money market fund that values its assets by the amortized cost method will buy and hold the Designated Investments that determine the performance of Deferral Accounts to achieve an exact match between the liability of any such Fund to pay Compensation Deferrals and the assets that offset that liability.

2. If a Fund purchases Designated Investments issued by an affiliated Fund, the Fund will vote such shares in proportion to the votes of all other holders of shares of such affiliated Fund.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-13100 Filed 5-19-97; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

Agency Sunshine Act Meetings

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following meetings during the week of May 19, 1997.

An open meeting will be held on Friday, May 23, 1997, at 2:00 p.m. A closed meeting will be held on Friday, May 23, 1997, following the 2:00 p.m. open meeting.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, the recording secretaries will attend the closed meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his option, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(4), (8), (9)(A) and (10) and 17 CFR 200.402(a)(4), (8), (9)(i) and (10), permit consideration of the scheduled matters at the closed meeting.

Commissioner Wallman, as duty officer, voted to consider the items listed for the closed meeting in a closed session.

The subject matter of the open meeting scheduled for Friday, May 23, 1997, at 2:00 p.m., will be:

Consideration of a concept release that would solicit comment on revising the Commission's oversight of alternative trading systems, national securities exchanges, and foreign market activities in the United States. The Commission is reevaluating its regulation of such entities in light of technology advances and the corresponding growth of alternative trading systems and cross-border trading opportunities. FOR FURTHER INFORMATION, please contact Kristen N. Geyer, Special Counsel, at (202) 942-0799; Gautam Gujral, Special Counsel, at (202) 942-0175; Marie Ito, Special Counsel, at (202) 942-4147; Paula R. Jenson, Deputy Chief Counsel, at (202) 942-0073; or Elizabeth King, Special Counsel, at (202) 942-0140.

The subject matter of the closed meeting scheduled for Friday, May 23, 1997, following the 2:00 p.m. open meeting, will be:

Institution and settlement of injunctive actions.

Institution and settlement of administrative proceedings of an enforcement nature.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact:

The Office of the Secretary at (202) 942-7070.

Dated: May 15, 1997.

Jonathan G. Katz,

Secretary.

[FR Doc. 97-13276 Filed 5-16-97; 10:54 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38613; File No. SR-CBOE-97-09]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to an Increase in Position and Exercise Limits for Industry Index Options

May 12, 1997.

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 February

¹ 15 U.S.C. § 78s(b)(1)(1988).

² 17 CFR 240.19b-4.