to the procedures as are deemed necessary; and (c) will determine no less frequently than quarterly that the transactions made pursuant to the order during the preceding quarter were effected in compliance with such procedures. The Adviser to each Fund may implement these procedures, subject to the direction and control of the board of directors of the relevant Fund.

2. Each Fund: (a) Will maintain and preserve permanently in an easily accessible place a written copy of the procedures (and any modifications thereto); and (b) will maintain and preserve for a period of not less than six years from the end of the fiscal year in which any transactions occurred, the first two years in an easily accessible place, a written record of each such transaction setting forth a description of the transaction, including the identity of the person on the other side of the transaction, the terms of the transaction, and the information or material upon which the determinations described below were made.

3. No Fund or Portfolio will engage in transactions with an Affiliated Bank if such entity exercises a controlling influence over that Fund or Portfolio (and ''controlling influence'' shall be deemed to include, but is not limited to, directly or indirectly owning, controlling, or holding with power to vote more than 25% of the outstanding voting securities of that Fund or Portfolio).

4. The transactions entered into by a Fund or Portfolio will be consistent with the investment objectives and policies of that Fund or Portfolio as recited in the Fund's registration statement and reports filed under the Act.

B. U.S. Government and Qualified Securities

1. Qualified Securities means any ''Eligible Security,'' as defined in rule 2a–7 under the Act, and, in addition, municipal securities, repurchase agreements, bank obligations, synthetic municipal securities, and commercial paper that meet the investment quality requirements of paragraphs (a)(9) (i), (ii), or (iii) of rule 2a–7, as amended from time to time. The ''minimal credit risk'' standards imposed by paragraph (3)(c) of rule 2a–7 with respect to money market fund investments will apply to all investments in Qualified Securities.

2. Before any transaction in U.S. government securities or Qualified Securities may be entered into with an Affiliated Bank, the Fund or its Adviser will obtain such information as it deems necessary to determine that the price or rate to be paid or received for the security is at least as favorable as that available from other sources for the same or substantially comparable securities in terms of quality and maturity. In this regard, the Funds or their Advisers will obtain and document competitive quotations from at least two other dealers or counterparties with respect to the specific proposed transaction. Competitive quotation information will include price or yield and settlement terms. These dealers or counterparties will be those who, in the experience of the Funds and their Advisers, have demonstrated the consistent ability to provide professional execution of U.S. government security and Qualified Security transactions at competitive market prices or yields. These dealers or counterparties also must be those who are in a position to quote favorable prices.

3. Any repurchase agreement will be ''collateralized fully'' within the meaning of rule 2a–7.

4. No Fund or Portfolio will purchase obligations of any Affiliated Bank (other than repurchase agreements) if, as a result, more than 5% of that Fund's or Portfolio's total assets would be invested in obligations of that Affiliated Bank.

5. The fee, spread, or other remuneration to be received by the Affiliated Bank as agent in transactions involving U.S. government and other Qualified Securities will be reasonable and fair compared to the fee, spread, or other remuneration received by other brokers or dealers in connection with comparable transactions at such time, and will comply with section 17(e)(2)(C) of the Act.

C. Reverse Repurchase Agreements

Before any transaction in reverse repurchase agreements may be entered into with an Affiliated Bank, the Fund or its adviser will obtain such information as it deems necessary to determine that the rate to be paid for the agreement is at least as favorable as that available from other sources. In this regard, the Funds or their Advisers will obtain and document quoted rates from at least two unaffiliated potential counterparties with which the Funds have arrangements to engage in such transactions. Solicited terms shall include the repurchase price, interest rates, repurchase dates, acceleration rights, maturity, collateralization requirements, and transaction charges.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–13232 Filed 5–20–97; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

Issuer Delisting; Notice of Application to Withdraw From Listing and Registration; (Sparta Surgical Corporation, $4.00 Par Value Redeemable Preferred Stock; $4.00 Par Value Series A Convertible Redeemable Preferred Stock; Series A Common Stock Purchase Warrants) File No. 1–11047

May 15, 1997.

Sparta Surgical Corporation (''Company'') has filed an application with the Securities and Exchange Commission (''Commission''), pursuant to Section 12(d) of the Securities Exchange Act of 1934 (''Act'') and Rule 12d2–2(d) promulgated thereunder, to withdraw the above specified securities (''Securities'') from listing and registration on the Boston Stock Exchange, Inc. (''BSE'' or ''Exchange'').

The reasons cited in the application for withdrawing the Securities from listing and registration include the following:

According to the Company, it has complied with rules of the BSE by filing with such Exchange a copy of resolution adopted by the Company's Board of Directors authorizing the withdrawal of its securities from listing on the BSE and by setting forth in detail to such Exchange the reasons for such proposed withdrawal, and the facts in support thereof. The Securities of the Company have been listed on the Nasdaq Stock Market since March 12, 1992 and July 12, 1994. In making the decision to withdraw the Securities from listing on the BSE, the Company considered the direct and indirect costs and expenses attendant on maintaining the dual listing of its securities on the Nasdaq Stock Market and the BSE.

Any interested person may, on or before June 5, 1997, submit by letter to the Secretary of the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, facts bearing upon whether the application has been made in accordance with the rules of the exchange and what terms, if any, should be imposed by Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application

after the date mentioned above, unless the Commission determines to order a hearing on the matter.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 97–13281 Filed 5–20–97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–38634; File No. SR–CBOE–97–02]

Self-Regulatory Organizations; Chicago Board Options Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to the Use of Proprietary Brokerage Order Routing Terminals on the Floor of the Exchange

May 14, 1997.

I. Introduction

On January 21, 1997, the Chicago Board Options Exchange, Inc. (''CBOE'' or ''Exchange'') submitted to the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] And Rule 19b–4 thereunder,[2] a proposed rule change to extend from the Standard & Poor's 500 index (''SPX options'') to the trading crowd in options on the Standard & Poor's 100 index (''OEX options'') its existing policy adopted pursuant to Exchange Rule 6.23 whereby members are permitted to establish, maintain and use proprietary hand-held, brokerage order routing terminals and related systems (''Terminals'') in the trading crowd.

The proposed rule change was published for comment in the **Federal Register** on February 20, 1997.[3] No comments were received on the proposal. This order approves the proposal.

II. Background

On December 16, 1996, the Commission approved a proposal by the CBOE to adopt a policy pursuant to its Rule 6.23[4] allowing the use of proprietary brokerage order routing terminals and their related systems in the SPX trading crowd.[5] Written Exchange approval is required prior to a member establishing, maintaining, or using a Terminal. The Exchange does not approve a Terminal unless and until the member who proposes to establish one on the floor of the Exchange has filed with the Exchange an ''Application & Agreement for Brokerage/Order Routing Terminals in Trading Crowds'' (''Application Agreement''). In addition, the original filing limited the use of Terminals to the SPX options trading crowd for the routing of orders in SPX options.

The Application Agreement approved by the Commission for use in the SPX trading crowd addressed several important issues including restrictions on the use of Terminals and the information thereon. The Application Agreement prohibits the operators of Terminals from trading with orders transmitted to the floor through Terminals except when certain conditions are met and prohibits the use of Terminals to make markets.

The Application Agreement requires an applicant to agree that it will not trade with orders transmitted through the Terminal, except when (1) No one else wants to trade with it (*i.e.*, the member is the contra-party of last recourse) or (2) an applicant is able to participate in the order on the same basis that other market makers who do not have priority participate. Under the second exception, the member may trade with an order as long as (a) The member in the trading crowd who is the first to respond to such order (other than the applicant) has priority in taking the other side of such order, and (b) the aggregate portion of such order taken by the applicant is not greater than the portion of the order taken by every other Exchange market maker in the crowd who wishes to participate in the order in the same aggregate quantity.

The Application Agreement also prohibits an applicant from using for their own benefit any information contained in any order in the Terminal system until that information has been disclosed to the trading crowd.

The Application Agreement also requires an applicant to agree that its Terminal will be used to receive brokerage orders only, and that it will not be used to perform a market making function. In adopting this restriction, the Exchange was concerned that Terminals may enable person not subject to Exchange control to perform market making functions from off the floor of the Exchange without being burdened by the cost of maintaining an Exchange membership, or the obligations imposed on Exchange market makers.[6]

III. Description of the Proposal

The CBOE proposes to amend the policy adopted pursuant to its Rule 6.23 that would extend the use of proprietary brokerage order routing terminals and their related systems from the SPX options trading crowd to the OEX options trading crowd, Exchange members would still be required to obtain written approval from the Exchange to establish, maintain, or use a terminal in either of the two trading crowds. The Exchange would not approve the use of a Terminal unless and until the member who proposes to utilize it on the floor has filed with the Exchange an Application Agreement, and Terminals may only be used in the crowds trading SPX or OEX options to route orders in SPX or OEX options.[7] To accommodate this change, the application Agreement will also be amended to specifically allow for the use of Terminals in the OEX options trading crowd. The terms and restrictions of the Application Agreement remain unchanged and will be identical to those approved in the SPX-Terminal Approval Order as described above.

IV. Discussion

Section 6(b)(5) of the Act[8] requires that the rules of an exchange be designated to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market, and in general to protect investors and the public interest. Section 6(b)(7) of the Act[9] requires that the rules of an Exchange be in accordance with Section 6(d) of the Act,[10] and in general provide a fair

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

[2] 17 CFR 240.19b–4.

[3] Securities Exchange Act Release No. 38268 (Feb. 11, 1997), 62 FR 7812 (Feb. 20, 1997).

[4] CBOE Rule 6.23 provides that no member shall establish or maintain any telephone or other wire communications between his or its office and the Exchange without prior approval by the Exchange. The Exchange may direct discontinuance of any communication facility terminating on the floor of the Exchange.

[5] *See* Securities Exchange Act Release No. 38054 (December 16, 1996), 61 FR 67365 (''SPX-Terminal Approval Order'').

[6] In addition, the Application Agreement has provisions relating to the installation and use of Terminals. These provisions relate to surveillance, audit trails, compliance, physical, electrical and communications requirements and termination of approval for Terminals.

[7] The Exchange requires applicants wishing to use Terminals in both the OEX and SPX options trading crowds to execute separate Application Agreements with the Exchange for each trading crowd. Telephone conversation between Tim Thompson, CBOE and David Sierazki, SEC, on May 13, 1997.

[8] 15 U.S.C. 78f(b)(5).

[9] 15 U.S.C. 78f(b)(7).

[10] 15 U.S.C. 78f(d). Section 6(d) of the Act, among other things, requires that an exchange, in any proceeding to determine whether a member should