investment company. By December 29, 1998, applicant had distributed its assets to unit holders based on net asset value. Applicant has 59 outstanding unit holders, who have not been located. Chase Manhattan Bank, N.A., applicant's trustee, is holding the unclaimed funds, which will escheat to the State of New York after 10 years. Printing and postage expenses of approximately $10,000 were paid by applicant's trustee, out of a trustee's fee paid by applicant's unit holders on a pro rata basis, and legal expenses of approximately $1,000 were paid by American Municipal Securities, Inc., applicant's depositor.

*Filing Dates:* The application was filed on March 16, 2000, and amended on June 13, 2000 and December 19, 2000.

*Applicant's Address:* 770 Second Avenue South, St. Petersburg, FL 33701.

**Templeton Variable Products Series Fund [File No. 811–5479]**

*Summary:* Applicant seeks an order declaring that it has ceased to be an investment company. On May 1, 2000, applicant transferred its assets to Franklin Large Cap Growth Securities Fund, Franklin Small Cap Fund, Mutual Shares Securities Fund, Templeton Global Asset Allocation Fund, Templeton Global Income Securities Fund, Templeton Developing Markets Equity Fund, Templeton International Equity Fund, Templeton Global Growth Fund, Franklin S&P 500 Index Fund, and Franklin Strategic Income Securities Fund (the ''Acquiring Funds'') based on net asset value. Expenses of $1,275,910 incurred in connection with the reorganization were paid by Franklin Advisers, Inc., Templeton Investment Counsel, Inc., Templeton Asset Management Ltd., Templeton Global Advisors Limited, Franklin Mutual Advisers, LLC, Franklin Templeton Variable Insurance Products Trust, and Templeton Variable Products Series Fund.

*Filing Dates:* The application was filed on August 11, 2000 and amended on October 4, 2000.

*Applicant's Address:* 500 East Broward Boulevard, Suite 2100, Fort Lauderdale, FL 33394–3091.

**Bank Fiduciary Fund—Equity [File No. 811–667]; Bank Fiduciary Fund—Fixed Income [File No. 811–1996]**

*Summary:* Each applicant seeks an order declaring that it has ceased to be an investment company. On April 28, 2000, each applicant made a final liquidating distribution to its shareholders based on net asset value. Expenses of $27,000 and $20,000, respectively, were incurred in connection with the liquidations and were paid by each applicant.

*Filing Dates:* The applications were filed on July 6, 2000, and amended on January 24, 2001.

*Applicants' Address:* c/o New York Bankers Assn., 99 Park Avenue, New York, NY 10016–1502.

**The Govett Funds, Inc. [File No. 811–6229]**

*Summary:* Applicant seeks an order declaring that it has ceased to be an investment company. Between August 12, 2000 and September 11, 2000, four of applicant's series, Govett Emerging Markets Equity Fund, Govett International Equity Fund, Govett Global Income Fund and Govett Smaller Companies Fund, transferred their assets to corresponding series of ARK Funds, based on net asset value. On October 16, 2000, applicant's remaining series, Govett International Smaller Companies Fund, made a liquidating distribution to its shareholders based on net asset value. Expenses of $672,831 incurred in connection with the reorganizations and liquidation were paid by applicant's investment adviser, AIB Govett, Inc.

*Filing Date:* The application was filed on January 18, 2001.

*Applicant's Address:* c/o AIB Govett, Inc., 250 Montgomery Street, Suite 1200, San Francisco, CA 94104.

**PPM America Funds [File No. 811–9001]**

*Summary:* Applicant seeks an order declaring that it has ceased to be an investment company. On January 19, 2001, applicant made a final liquidating distribution to its sole shareholder based on net asset value. Expenses of $1,600 incurred in connection with the liquidation were paid by applicant's investment adviser, PPM America, Inc.

*Filing Date:* The application was filed on January 23, 2001.

*Applicant's Address:* 225 West Wacker Drive, Chicago, IL 60606.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 01–2812 Filed 2–1–01; 8:45 am]

BILLING CODE 8010–01–M

## SECURITIES AND EXCHANGE COMMISSION

**[Release No. 34–43882; File No. SR–CHX–00–27]**

## Self-Regulatory Organizations; Notice of Filing of Proposed Change by the Chicago Stock Exchange, Incorporated and Amendment No. 1 Relating to Participation in Crossing Transactions Effected on the Exchange Floor

January 24, 2001.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and rule 19b–4 therefunder,[2] notice is hereby given that on September 14, 2000, the Chicago Stock Exchange, Incorporated (''CHX'' 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 CHX. The CHX amended the proposal on January 18, 2001.[3] The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Article XX, rule 23 of the Exchange's rules relating to participation in crossing transactions effected on the Exchange floor. The text of the proposed rule change is available at the Commission and the CHX.

### 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 CHX included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received regarding the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The CHX has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

[2] 17 CFR 240.19b–4.

[3] *See* Letter dated January 16, 2001, from Kathleen M. Boege, Associate General Counsel, CHX, to Alton S. Harvey, Office Head, Division of Market Regulation, Commission (''Amendment No. 1''). Amendment No. 1 requests pilot approval of the proposed rule change through July 9, 2001.

*A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change*

1. Purpose

The Exchange proposes to amend Article XX, rule 23 of the Exchange's rules relating to participation in crossing transactions in Nasdaq/National Market (''NM'') securities effected on the floor of the Exchange. This proposal is currently operating, on a pilot basis through February 28, 2001, for Dual Trading System issues traded on the Exchange.[4] This pilot was approved in connection with the securities industry's move to a decimal pricing environment. The proposed rule change would extend the pilot to cover crossing transactions in Nasdaq/NM securities.

Article XX, rule 23 of the Exchange's rules governs crossing transactions, which represent a significant component of Exchange volume.[5] under the current rule, if a floor broker presents a crossing transaction involving Nasdaq/NM issues, another member may participate, or ''break up,'' the transaction, by offering (after presentation of the proposed crossing transaction) to better one side of the transaction by the minimum price variation. The floor broker is then effectively prevented from consummating the transaction as a ''clean cross,'' which may be to the detriment of the floor broker's customer(s).[6] In instances where the minimum price variation is relatively small, it is very inexpensive for a member to break up crossing transactions in this manner. Floor brokers are currently experiencing difficulty, for example, cleanly crossing stock in Nasdaq/NM issues which trade in minimum price variations of 1/64.

Given the number of products that will begin trading in penny increments once the securities industry completes the transaction to a decimal pricing environment, the floor broker community, and other CHX members, are concerned that much of the crossing business (and corresponding Exchange volume) could evaporate if the current rules are not amended to preclude breaking up crossing transactions in the manner described above. Accordingly, the Decimalization Subcommittee and Floor Broker Tech Subcommittee have worked to achieve consensus on the proposed rule change, which would strike a balance of interests of those members who are impacted by crossing transactions.

Under the proposed pilot program, a floor broker will be permitted to consummate cross transactions in Nasdaq/NM issues, as well as Dual Trading System issues, involving 5,000 shares or more, without interference by any specialist or market maker if, prior to presenting the cross transaction, the floor broker first requests a quote for the subject security.[7] These requests will place the specialist and other market makers on notice that the floor broker is intending to ''cross'' within the bid-offer spread. This arrangement will ensure that a specialist or market maker retains the opportunity to better the cross price by updating its quote, but will preclude them from breaking up a cross transaction after the cross transaction is presented. The proposed rule change will operate on a pilot basis through July 9, 2001.

2. Statutory Basis

The CHX believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange. In particular, the CHX believes that the proposed rule change is consistent with section 6(b)(5)[8] of the Act in that it is designed to promote just and equitable principles of trade, to remove impediments to and to perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

*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*

The Exchange did not solicit or receive written comments on the proposed rule change.

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

Within 35 days of the date of 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 Exchange 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.

The CHX has requested accelerated approval of the proposed rule change. While the Commission is not prepared to grant accelerated approval at this time, the Commission will consider granting accelerated approval of the proposal at the close of an abbreviated comment period of 15 days from the date of publication of the proposal in the **Federal Register**.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549–0609. 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. Copies of such filings will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to the File No. SR–CHX–00–27 and should be submitted by February 20, 2001.

[4] Dual Trading System issues are issues that are listed on either the New York Stock Exchange or the American Stock Exchange. *See* Securities Exchange Act Release No. 43203 (August 24, 2000), 65 FR 53067 (August 31, 2000) (approving SR–CHX–00–13 on a pilot basis through February 28, 2001). The proposed rule change deletes the provisions of Article XX, Rule 23 that govern cross transactions in Nasdaq/NM issues and, thus, has the effect of also extending the pilot program in Dual Trading System issues until July 9, 2001.

[5] For example, in June, July and August of 2000, share volume from brokered cross trades was approximately 21% of total share volume traded on the Exchange.

[6] Some institutional customers prefer executing large crossing transactions at a single price and are willing to forego the opportunity to achieve the piecemeal price improvement that might result from the breakup of the cross transaction by another Exchange member. Of course, the floor broker will still retain the ability to present both sides of the order at the post if the customers so desire.

[7] These updated quotes will not be directed solely to the floor broker. Anyone at the post may respond to the updated quotes.

[8] 17 CFR 200.30–3(a)(12).

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[9]

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 01–2818 Filed 2–1–01; 8:45 am]

**BILLING CODE 8010–01–M**

## SECURITIES AND EXCHANGE COMMISSION

**[Release No. 34–43885; File No. SR–MSRB–00–02]**

## Self-Regulatory Organizations; Order Approving a Proposed Rule Change by the Municipal Securities Rulemaking Board Relating to Rules G–8 and G–38 and Form G–37/G–38

January 25, 2001.

### I. Introduction

On January 27, 2000, the Municipal Securities Rulemaking Board (''Board'' or ''MSRB'') 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 amending Rule G–38, on consultants, Rule G–8, on books and records, and Section IV of Form G–37/G–38 and the attachment page to the form. The Board filed Amendment No. 1 to the proposed rule change on November 15, 2000.[3] The proposed rule change was published for comment in the **Federal Register** on November 22, 2000.[4] The Commission received on the proposal. This order approves the proposal, as amended.

### II. Description of the Proposal

The Board believes that the current language of Rules G–38 and G–8 and the formats of Form G–37/G–38, the attachment page, and the Instructions, are not as clear as they could be about the information required for identifying a consultant. The Board states that it has received inquiries from dealers that have indicated that there is confusion about certain information required to be reported in Section IV of Form G–37/G–38 as well as the attachment page to the form. The proposed rule change would amend Rule G–38 to remove the separate references to the consultant's company name from the requirements regarding the consultant agreement, the disclosure to issuers, and the disclosure to the Board. In addition, the proposed rule change would remove the requirement in Rule G–8 for dealers to maintain a separate record of the consultant's company name. The proposed rule change would also amend Rules G–8(a)(xviii)(A) and G–38(d) and (e) to add the phrase ''pursuant to the Consultant Agreement'' after the consultant's name.[5] The proposed rule change would also revise the formats of Section IV of Form G–37/G–38 and the attachment page to state ''Name of Consultant (pursuant to Consultant Agreement)'' and delete the reference to the ''Consultant Company Name.'' Thus, a dealer would provide the name of an individual, if the consultant is an individual, or of a company, if the consultant is a company, depending upon whether the dealer has entered into a consultant agreement with an individual or a company.

Another area addressed by the proposed rule change concerns the role of the consultant. Pursuant to Rule G–38, a dealer is required to include within the consultant agreement the role of the consultant, to disclose this role to the issuer and to the Board and, pursuant to Rule G–8, to maintain a record of the role. The Instructions for Completing and Filing Form G–37/G–38 state that, in describing a consultant's role, a dealer should include the state or geographic area in which the consultant is working on behalf of the dealer. In addition, the Board issued a Question and Answer notice on Rule G–38 in which it stated that dealers must include the state or geographic area in which the consultant is working on behalf of the dealer.[6]

### III. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder.[7] In particular, the Commission finds that the proposed rule change is consistent with Section 15B(b)(2)(C)[8] of the Act. Section 15B(b)(2)(C) of the Act requires, among other things, that the rules of the Board be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market, and, in general, to protect investors and the public interest.

The Commission believes that the proposed rule change should assist brokers, dealers and municipal securities dealers with complying with their obligations under MSRB Rules G–37/38 and Form G–37/38. Specifically, the Commission believes that the proposed rule change should make clear whether the individual consultant's or the consultant company's name must be disclosed on Form G–37/38. Under the proposed rule change a dealer must review its consultant agreement to determine whether its consultant is an individual or a company. If the consultant agreement is with an individual, then only the individual's name need be reported on the form and not a company name. Conversely, if the consultant agreement is with a company, only the company's name need be reported and not an individual's name. The Commission believes that deleting from Rule G–38 and Form G–37/38 references to ''consultant company name'' will eliminate existing ambiguities resulting from the requirement that information regarding both an individual and a company be provided.

In addition, the Commission believes that amending Rules G–8(a)(xviii)(A) and G–38(d)(e) to add the phrase ''pursuant to the Consultant Agreement'' after the consultant's name will make clear that dealers are to look to their consultant agreement in determining whether the consultant is an individual or a company. Furthermore, the Commission believes that revising Rules G–38 and G–8 to explicitly require reporting of the state or georgraphic area in which a consultant is working on behalf of a dealer will ensure that the Board receive this information that is currently required by the Instructions to Form G–37/38.

Finally, the Commission notes that pursuant to recent amendments to Rules G–38, G–8, and G–37,[9] If an individual is a consultant, the individual will relay to the dealer his or her reportable political contributions, reportable political party payments, and the reportable contributions and reportable payments of any political action committee (''PAC'') controlled by the

[9] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

[3] The Board submitted a new Form 19b–4, which replaced the original filing (''Amending No. 1''). Specifically, Amendment No. 1 amended MSRB Rules G–38 and G–8 to clarify that the name of the consultant is obtained from the consultant agreement. Amendment No. 1 also revised the filing to include the statutory basis for the proposed rule change.

[4] Securities Exchange Act Release No. 43568 (Nov. 15, 2000), 65 FR 70371.

[5] *See* Amendment No. 1, *supra* note 3.

[6] *See* Rule G–38 Question and Answer number 1 dated November 18, 1996, *MSRB Rule Book* (January 1, 2000) at 210. The Rule G–38 Questions and Answers are also posted on the Board's web site at www.msrb.org.

[7] In approving this proposal, the Commission has considered the proposal rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

[8] 15 U.S.C. 78o–4(b)(2)(C).

[9] *See* Securities Exchange Act Release No. 42205 (December 7, 1999), 64 FR 69808 (December 14, 1999).