

Hutchins, the party the investors have chosen to hold accountable for investment results, through the voting rights pursuant to section 15(a) of the Act and rule 18f-2 thereunder concerning the Trust's Management Agreement with Mitchell Hutchins. Applicants believe that a shareholder vote concerning a Sub-Advisory Agreement prior to its effective date should not be required, particularly when doing so will (i) increase the Trust's expenses and (ii) may delay prompt implementation of the action Mitchell Hutchins (and ultimately the investors themselves) has determined is most beneficial to the Trust's shareholders. Therefore, applicants contend that requiring the Trust to obtain immediate and costly shareholder approval for every change in control of a Sub-Adviser is unreasonably burdensome, particularly where shareholders have chosen Mitchell Hutchins to determine the impact of the proposed change on their behalf.

5. Section 6(c) of the Act provides that the SEC may 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 policies and purposes fairly intended by the policies and provisions of the Act. Applicants believe that the requested relief meets this standard.

Applicants' Conditions

Applicants agree that the requested exemption is subject to the following conditions:

1. Mitchell Hutchins will not enter into a Sub-Advisory Agreement with any Sub-Adviser that is an affiliated person (as defined in section 2(a)(3) of the Act) of the Trust or Mitchell Hutchins other than by reason of serving as a Sub-Adviser to one or more of the Portfolios (an "Affiliated Sub-Adviser") without such agreement, including the compensation to be paid thereunder, being approved by the shareholders of the applicable Portfolio.

2. At all times, a majority of the Trustees of the Trust will be persons each of whom is not an "interested person" of the Trust (as defined in section 2(a)(19) of the Act) (the "Independent Trustees"), and the nomination of new or additional Independent Trustees will be placed with the discretion of the then existing Independent Trustees.

3. When a Sub-Adviser change is proposed for a Portfolio with an Affiliated Sub-Adviser, the Trustee of

the Trust, including a majority of the Independent Trustees, will make a separate finding, reflected in the Trust's board minutes, that the change is in the best interests of the Portfolio and its shareholders and does not involve a conflict of interest from which Mitchell Hutchins or the Affiliated Sub-Adviser derives an inappropriate advantage.

4. Mitchell Hutchins will provide general management and administrative services to the Trust, and, subject to review and approval by the Trust's Trustees, will: (a) Set the Portfolios' overall investment strategies; (b) select Sub-Advisers; (c) allocate and, when appropriate, reallocate the Portfolios' assets among Sub-Advisers; (d) monitor and evaluate the performance of Sub-Advisers; and (e) ensure that the Sub-Advisers comply with the Trust's investment objectives, policies, and restrictions.

5. Before a future Portfolio that does not presently have an effective registration statement may rely on the order, its initial shareholder will approve the multi-manager structure before Portfolio shares are offered to the public.

6. Within 90 days of the hiring of any new Sub-Adviser or the implementation of any proposed material change in a Sub-Advisory Agreement, the Trust will furnish shareholders all information about a new Sub-Adviser or Sub-Advisory Agreement that would be included in a proxy statement. Such information will include any change in such disclosure caused by the addition of a new Sub-Adviser or any proposed material change in a Portfolio's Sub-Advisory Agreement. The Trust will meet this condition by providing shareholders, within 90 days of the hiring of a Sub-Adviser or the implementation of any material change to the terms of a Sub-Advisory Agreement, with an information statement meeting the requirements of Regulation 14C and Schedule 14C under the Securities Exchange Act of 1934 (the "Exchange Act"). The information statement also will meet the requirements of Schedule 14A under the Exchange Act.

7. No Trustee or officer of the Trust or Mitchell Hutchins will own directly or indirectly (other than through a pooled investment vehicle that is not controlled by any such Trustee or officer) any interest in a Sub-Adviser except for: (a) ownership of interests in Mitchell Hutchins or any entity that controls, is controlled by, or is under common control with Mitchell Hutchins; 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 Sub-Adviser or an entity that controls, is controlled by, or is under common control with a Sub-Adviser.

8. The Trust will disclose in all prospectuses relating to any Portfolio the existence, substance, and effect of any order granted pursuant to the application.

9. Shares of the Trust will be offered exclusively to participants in the PACE Program or other asset allocation services offered by professional asset managers who, for compensation, engage in the business of advising others as to the value of securities or as to the advisability of investing in, purchasing or selling securities.

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

Margaret H. McFarland,
Deputy Secretary.

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Self-Regulatory Organizations; Order Granting Partial Approval to a Proposed Rule Change by the American Stock Exchange, Inc., Relating to the Members' Compliance With Position and Exercise Limits for Non-Amex Listed Options

December 8, 1995.

On August 25, 1995, the American Stock Exchange, Inc. ("Amex" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "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 amend (1) Amex Rule 900(a), "Applicability," to confirm the Exchange's enforcement authority over Amex members' options transactions effected on another options exchange; and (2) Amex Rules 904, "Position Limits," and 905, "Exercise Limits," to require Amex members who trade non-Amex listed option contracts and who are not members of the exchange where the options are traded to comply with the option position and exercise limits set by the exchange where the transactions are effected.³ The Amex

¹ 15 U.S.C. 78s(b)(1)(1988).

² 17 CFR 240.19b-4 (1994).

³ Position limits impose a ceiling on the number of option contracts in each class on the same side of the market (i.e., aggregating long calls and short puts or long puts and short calls) that can be held or written by an investor or group of investors