

Participating Insurance Companies and Plans under their agreements governing participating in the Funds. These responsibilities shall be carried out with a view only to the interests of Contract owners and, as applicable, Plan participants.

5. For purposes of Condition 4, a majority of the disinterested members of the applicable Board shall determine whether any proposed action adequately remedies any material irreconcilable conflict. In no event will a Fund or LAM (or any other investment adviser of the Funds) be required to establish a new funding medium for any Variable Contract. No Participating Insurance Company shall be required by Condition 4 to establish a new funding medium for any Variable Contract if a majority of Variable Contract owners materially and adversely affected by the material irreconcilable conflict, vote to decline such offer. No Plan shall be required by Condition 4 to establish a new funding medium for such plan if: (a) A majority of Plan participants materially and adversely affected by the material irreconcilable conflict vote to decline such offer; or (b) pursuant to governing plan documents an applicable law, the Plan makes such decision without a vote by Plan Participants.

6. Participants will be informed promptly in writing of a Board's determination of the existence of a material irreconcilable conflict and its implications.

7. Participating Insurance Companies will provide pass-through voting privileges to all Variable Contract owners so long as the Commission continues to interpret the 1940 Act as requiring pass-through voting privileges for Variable Contract owners. Accordingly, such Participating Insurance Companies, where applicable, will vote shares of the Fund held in its separate accounts in a manner consistent with voting instructions timely received from Variable Contract owners. In addition, each Participating Insurance Company will vote shares of a Fund held in its separate accounts for which it has not received timely voting instructions, as well as shares it owns, in the same proportion as those shares for which it has received voting instructions. Participating Insurance Companies will be responsible for assuring that each of their separate accounts investing in a Fund calculates voting privileges in a manner consistent with all other Participating Insurance Companies. The obligation to vote a Fund's shares and calculate voting privileges in a manner consistent with all other separate accounts investing in the Fund will be a contractual

obligation of all Participating Insurance Companies under the agreements governing their participation in the Fund. Each Plan will vote as required by applicable law and governing Plan documents.

8. All reports of potential or existing conflicts of interest received by a Board, and all Board action with regard to: (a) Determining the existence of a conflict; (b) notifying Participants of a conflict; and (c) determining whether any proposed action adequately remedies a conflict, will be properly recorded in the minutes of the relevant Board or other appropriate records. Such minutes or other records shall be made available to the Commission upon request.

9. Each Fund will notify all Participating Insurance Companies that separate account prospectus disclosure regarding potential risks of mixed and shared funding may be appropriate. Each Fund shall disclose in its prospectus that: (a) Its shares may be offered to insurance company separate accounts that fund both variable annuity and variable life insurance contracts, and to Plans; (b) differences in tax treatment or other considerations may cause the interests of various Variable Contract owners participating in the Fund and the interests of Plans investing in the Fund to conflict; and (c) the Board will monitor the Fund for any material conflicts and determine what action, if any, should be taken.

10. Each Fund will comply with all the provisions of the 1940 Act requiring voting by shareholders (for these purposes, the persons having a voting interest in the shares of the Funds). In particular, each such Fund either will provide for annual meetings (except to the extent that the Commission may interpret Section 16 of the 1940 Act not to require such meetings) or comply with Section 16(c) of the 1940 Act (although none of the Funds shall be one of the trusts described in Section 16(c) of the 1940 Act) as well as Section 16(a) and, if applicable, Section 16(b) of the 1940 Act. Further, each Fund will act in accordance with the Commission's interpretation of the requirements of Section 16(a) with respect to periodic elections of Board members and with whatever rules the Commission may promulgate with respect thereto.

11. If and to the extent Rule 6e-2 or Rule 6e-3(T) is amended, or if Rule 6e-3 under the 1940 Act is adopted, to provide exemptive relief from any provisions of the 1940 Act or the rules thereunder with respect to mixed and shared funding on terms and conditions materially different from any exemptions granted in the order

requested by Applicants, then the Funds and/or the Participants, as appropriate, shall take such steps as may be necessary to comply with Rule 6e-2 or Rule 6e-3(T), as amended, and Rule 6e-3, as adopted, to the extent such rules are applicable.

12. No less than annually, the Participants shall submit to each Board such reports, materials or data as each Board may reasonably request so that such Boards may carry out fully the obligations imposed upon them by the conditions stated in this application. Such reports, materials and data shall be submitted more frequently if deemed appropriate by the Boards. The obligations of Participating Insurance Companies and Plans to provide these reports, materials and data upon reasonable request of a Board shall be a contractual obligation of all Participating Insurance Companies and Plans under the agreements governing their participation in the Funds.

13. If a Plan or Plan participant should become an owner of 10% or more of the assets of a Fund, such Plan or Plan participant will execute a participation agreement with such Fund which includes the conditions set forth herein to the extent applicable. A Plan or Plan participant will execute an application containing an acknowledgement of this condition upon such Plan's initial purchase of the shares of any Fund.

Conclusion

For the reasons summarized above, Applicants represent that the exemptions requested are necessary and appropriate in the public interest and consistent with the protection of investors and purposes fairly intended by the policy and provisions of the 1940 Act.

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

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-22745; 811-3881]

PIMCO Advisors Funds; Notice of Application

July 11, 1997.

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

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

APPLICANT: PIMCO Advisors Funds.

RELEVANT ACT SECTION: Order requested under section 8(f).

FILING DATES: The application was filed on March 10, 1997, and amended on June 19, 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 August 5, 1997, and should be accompanied by proof of service on 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 may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, N.W., Washington, D.C. 20549. Applicant, 2187 Atlantic Street, Stamford, Connecticut 06902.

FOR FURTHER INFORMATION CONTACT: Lawrence W. Pisto, Senior Counsel, at (202) 942-0527, or Christine Y. Greenlees, Branch Chief, 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 at the SEC's Public Reference Branch.

Applicant's Representations

1. Applicant is a registered, open-end, management investment company organized as a Massachusetts business trust. On October 17, 1983, applicant (then called Thomson McKinnon Trust)¹ registered under section 8(a) of the Act and filed a registration statement on Form N-1A pursuant to section 8(b) of the Act and the Securities Act of 1933, covering an indefinite number of shares of common stock. The registration statement became effective and the initial public offering commenced on December 30, 1983. Applicant is comprised of sixteen series (each a "Fund").² Each Fund offers

three classes of shares: Class A, Class B, and Class C.

2. On September 17, 1996, applicant's Board on Trustees (the "Trustees") authorized each Fund to enter into an Agreement and Plan of Reorganization (each a "Plan") with a series of either PIMCO Funds: Multi-Manager Series ("PFEAS") or PIMCO Funds ("PIMS") (each an "Acquiring Fund").³ Pursuant to each Plan, the assets and liabilities of each Fund would be transferred to a corresponding Acquiring Fund in exchange for Class A, Class B, and Class C shares of such Acquiring Fund.

3. In recommending the reorganization, the Trustees identified certain potential benefits likely to result from the reorganization: (a) Economies of scale; (b) unified fee structure; (c) more diversified investment opportunities; (d) continued investment in a mutual fund without recognition of gain or loss for federal income tax purposes; and (e) a larger, more integrated fund complex.

4. In accordance with rule 17a-8 under the Act,⁴ the trustees of the representative Funds and Acquiring Funds determined that (a) participation in the transaction would be in the best interests of the particular Fund or Acquiring Fund's shareholders; and (b) the current interests of such shareholders would not be diluted as a result of the transaction.

5. On or about November 4, 1996, proxy materials were sent to applicant's shareholders. On December 20, 1996, the shareholders of each Fund approved the Plan for such Fund.

6. On January 16 or 17, 1997, as applicable, Value Fund, High Income Fund, Total Return Fund, U.S. Government Fund, Short Intermediate Fund and Money Market Fund each paid a dividend which, together with all previous such dividends, had the effect of distributing each such Fund's investment company taxable income

Fund, International Fund, Opportunity Fund, Precious Metals Fund, Target Fund, Tax Exempt Fund, High Income Fund, Total Return Income Fund, U.S. Government Fund, Short-Intermediate Fund, Money Market Fund, and Global Income Fund.

³The PFEAS Acquiring Funds are: PIMCO Value Fund, PIMCO MidCap Growth Fund, PIMCO Renaissance Fund, PIMCO Growth Fund, PIMCO Innovation Fund, PIMCO International Fund, PIMCO Opportunity Fund, PIMCO Precious Metals Fund, PIMCO Target Fund, and PIMCO Tax Exempt Fund. The PIMS Acquiring Funds are: PIMCO High Yield Fund, PIMCO Total Return Fund, PIMCO Low Duration Fund, PIMCO Money Market Fund, and PIMCO Global Bond Fund II.

⁴Rule 17a-8 provides relief from the affiliated transaction prohibition of section 17(a) of the Act for a merger of investment companies that may be affiliated persons of each other solely by reason of having a common investment adviser, common directors, and/or common officers.

and net realized capital gain, if any, through January 17, 1997 (the "Exchange Date").

7. On the Exchange Date, all of the assets and liabilities of each Fund were transferred to an Acquiring Fund in exchange for shares of such Acquiring Fund based on net asset value. Certain of the Acquiring Funds had no assets or liabilities prior to the transactions. The Funds and their respective Acquiring Funds are: (a) The Value Fund and the PIMCO Value Fund; (b) the Discovery Fund and the PIMCO Mid Cap Growth Fund; (c) the Equity Income Fund and the PIMCO Renaissance Fund; (d) the Growth Fund and the PIMCO Growth Fund; (e) the Innovation Fund and the PIMCO Innovation Fund; (f) the International Fund and the PIMCO International Fund; (g) the Opportunity Fund and the PIMCO Fund; (h) the Precious Metal Fund and the PIMCO Precious Metals Opportunity Fund; (i) the Target Fund and the PIMCO Target Fund; (j) the Tax Exempt Fund and the PIMCO Tax Exempt Fund; (k) the High Income Fund and the PIMCO High Yield Fund; (l) the Total Return Income Fund and the PIMCO Total Return Fund; (m) the U.S. Government Fund and the PIMCO Total Return Fund; (n) the Short-Intermediate Fund and the PIMCO Low Duration Fund; (o) the Money Market Fund and the PIMCO Money Market Fund; and (p) the Global Income Fund and the PIMCO Global Bond Fund II.

8. Immediately upon consummation of this transaction, applicant distributed the Class A, Class B and Class C shares of the Acquiring Funds received by applicant to the Class A, Class B and Class C shareholders of the corresponding Fund. Each Class A, Class B and Class C shareholder of each Fund received that proportion of the shares of the corresponding class of the corresponding Acquiring Fund received by applicant which the number of shares of beneficial interest of such class of Fund owned by such shareholder bore to the number of such shares of such class of Fund outstanding on the Exchange Date.

9. Expenses included legal and accounting fees, printing and mailing costs, and costs of proxy solicitation, and were preliminarily allocated among each Fund and each Acquiring Fund, based in part on the number of shareholders to whom mailings were made. Each Fund and each Acquiring Fund bore its share of the overall expenses of the transactions in accordance with this allocation, except that PIMCO advisors L.P. bore any expenses preliminarily allocated to a Fund or to an Acquiring Fund to the extent that such allocated

¹ On November 15, 1994, applicant changed its name to PIMCO Advisors Funds.

² The Funds are: Value Fund, Discovery Fund, Equity Income Fund, Growth Fund, Innovation

expenses exceeded specified expense caps for each Fund and each Acquiring Fund. Total expenses of \$500,000 was borne by the Funds. The preliminary allocations and expense caps for each Fund and each Acquiring Fund were approved by the trustees of the respective Funds and Acquiring Funds.

10. Applicant has no assets, debts or liabilities. As of the date of the application, applicant has no securityholders. Applicant is not a party to any litigation or administrative proceeding. Applicant is not engaged, nor does it propose to engage, in any business activities other than those necessary for the winding up of its affairs.

11. Applicant intends to file the necessary documentation with the Commonwealth of Massachusetts to effect its dissolution as a Massachusetts business trust.

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

Margaret H. McFarland,
Deputy Secretary.

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UNITED STATES SENTENCING COMMISSION

Rules of Practice and Procedure

AGENCY: United States Sentencing Commission.

ACTION: Notice of promulgation of rules of practice and procedure.

SUMMARY: Pursuant to its authority under section 995(a)(1) of title 28, United States Code, the Sentencing Commission has established rules of practice and procedure relating to the manner in which it conducts its business. The Commission hereby gives notice of the adoption of these rules.

EFFECTIVE DATE: These rules are effective as of their adoption by the Commission on July 11, 1997.

ADDRESSES: Inquiries about any matter covered by the rules should be sent to: United States Sentencing Commission, One Columbus Circle, NE., Suite 2-500, South Lobby, Washington, DC 20002-8002, Attention: Office of Legislative and Public Affairs.

FOR FURTHER INFORMATION CONTACT: Michael Courlander, Public Information Specialist, Telephone: (202) 273-4590.

SUPPLEMENTARY INFORMATION: Section 995(a)(1) of title 28 authorizes the U.S. Sentencing Commission, an independent agency in the judicial

branch of the United States Government, to establish general policies and promulgate rules and regulations for the Commission as necessary to carry out the purposes of the Sentencing Reform Act of 1984. The rules of practice and procedure are designed to facilitate public understanding and participation in the work of the Sentencing Commission. For the most part, these rules do not represent a substantive change in the way the Commission has traditionally conducted its business. These rules are not intended to enlarge the rights of any person sentenced under the guidelines promulgated by the Commission or otherwise create any private right of action. The rules were published for comment on July 29 and October 8, 1996. 61 FR 39493-96, 61 FR 52825-26. The Commission received public comment from a number of persons and groups. The Commission also conducted an informational hearing on June 4, 1997, at which time it received additional comment. The adopted rules reflect a variety of changes suggested by the public comment and hearing participants.

Authority: 28 U.S.C. 995(a)(1).

Richard P. Conaboy,
Chairman.

Rules of Practice and Procedure

Part I—Purpose of Rules; Rules Amendment Procedure

Rule 1.1 Application and Purpose

Pursuant to 28 U.S.C. 995(a)(1) and other applicable provisions of its organizational statute, the United States Sentencing Commission ("the Commission") has established these rules governing its usual operating practices. The Commission, an agency within the judicial branch of government, is subject to only that provision of the Administrative Procedure Act, section 553 of title 5, United States Code, relating to publication in the **Federal Register** and a public hearing procedure, with regard to proposed sentencing guidelines or amendments thereto. See 28 U.S.C. 994(x). The Commission is not subject to a variety of other statutes, such as the Federal Advisory Committee Act, the Sunshine Act, and the Freedom of Information Act, typically applicable to rulemaking agencies in the executive branch. The Commission nevertheless desires to involve interested members of the public in its work to the maximum extent practicable. Accordingly, these rules are issued for the purpose of more fully informing interested persons of opportunities and procedures for

becoming aware of and participating in the public business of the Commission. These rules are not intended to enlarge the rights of any person sentenced under the guidelines promulgated by the Commission or to otherwise create any private right of action.

Rule 1.2 Rules Amendment Procedure

(a) Except as provided in subsection (b), amendment of these rules shall require the affirmative vote in a public meeting of a majority (and not less than three) of the voting members then serving. Any such amendment shall be adopted only after notice and reasonable opportunity for public comment.

(b) The Commission temporarily may suspend any rule contained herein and/or adopt a supplemental or superseding rule by affirmative vote in a public meeting of a majority of the voting members then serving.

Part II—Action by the Commission

Rule 2.1 Members

For purposes of the voting procedures set forth in these rules, "member" of the Commission shall mean a voting member and shall not include an *ex-officio*, non-voting member. *Ex-officio* members may not vote or make or second motions.

Rule 2.2 Voting Rules for Action by the Commission

Except as otherwise provided in these rules or by law, action by the Commission requires the affirmative vote of a majority of the members at a public meeting at which a quorum is present. A quorum shall consist of a majority of the members then serving. Members shall be deemed "present" and may participate and vote in public meetings from remote locations by electronic means, including telephone, satellite, and video conference devices.

Promulgation of guidelines, policy statements, official commentary, and amendments thereto shall require the affirmative vote of at least four members at a public meeting. See 28 U.S.C. 994(a).

Publication for comment of proposed amendments to guidelines, policy statements, or official commentary shall require the affirmative vote of at least three members at a public meeting. The decision to instruct staff to prepare a retroactivity impact analysis for a proposed amendment shall require the affirmative vote of at least three members at a public meeting.

Action on miscellaneous matters may be taken without a meeting based on the affirmative vote, by written or oral communication, of a majority of the