

acquiring company to own more than 3% of the acquired company's voting stock, or if the sale will cause more than 10% of the acquired company's voting stock to be owned by investment companies.

2. Section 12(d)(1)(G) of the Act provides that section 12(d)(1) will not apply to securities of an acquired company purchased by an acquiring company if: (a) the acquiring company and the acquired company are part of the same group of investment companies; (b) the acquiring company holds only securities of acquired companies that are part of the same group of investment companies, government securities, and short-term paper; (c) the aggregate sales loads and distribution-related fees of the acquiring company and the acquired company are not excessive under rules adopted pursuant to section 22(b) or section 22(c) by a securities association registered under section 15A of the Securities Exchange Act of 1934, or the Commission; and (d) the acquired company has a policy that prohibits it from acquiring securities of registered open-end investment companies or registered unit investment trusts in reliance on section 12(d)(1)(F) or (G).

3. Applicants state that the proposed arrangement would comply with the provisions of section 12(d)(1)(G), but for the fact that the Double Alpha Funds' investment policies contemplate that it will invest in S & P 500 Instruments and other securities and financial instruments.

4. Section 12(d)(1)(J) provides that the SEC may exempt persons or transactions from any provision of section 12(d)(1) if and to the extent the exemption is consistent with the public interest and the protection of investors. Applicants believe that permitting the Double Alpha Fund or other Upper Tier Funds to invest in securities as described in the application would not raise any of the concerns that the requirements of section 12(d)(1)(G) were designed to address.

Applicants' Conditions

Applicants agree that the order granting the requested relief will be subject to the following conditions:

1. Before approving any advisory contract under section 15 of the Act, the board of trustees of the Double Alpha Fund or Upper Tier Fund, including a majority of the trustees who are not "interested persons" as defined in section 2(a)(19) of the Act, will find that advisory fees, if any, charged under such contract are based on services provided that are in addition to, rather than duplicative of, services provided

pursuant to any Underlying Fund's advisory contract. The finding, and the basis upon which the finding was made, will be recorded fully in the minute books of the Double Alpha Fund or Upper Tier Fund.

2. Applicants will comply with all provisions of section 12(d)(1)(G) of the Act, except for section 12(d)(1)(G)(i)(II) to the extent that it restricts the Double Alpha Fund or Upper Tier Fund from investing in securities as described in the application.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-8319 Filed 3-30-98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

Issuer Delisting; Notice of Application To Withdraw From Listing and Registration; (Columbus Energy Corp., Common Stock, Par Value \$0.20) File No. 1-9872

March 25, 1998.

Columbus Energy Corp. ("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 security ("Security") from listing and registration on the Pacific Exchange, Inc. ("Exchange" or "PCX").

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

The Security also is listed for trading on the American Stock Exchange ("Amex") where it trades under the symbol EGY.

The Company has represented that the volume of trading in the Security conducted on the PCX has always been low compared to trading in the Security effected elsewhere. The Company has further represented that in one or more recent months there was no trading in the Security conducted on the PCX.

The Company stated that it has approximately 470 Security holders of record. Of those, about 20 Security holders reside in California and hold a small portion of the outstanding Security (12,000 shares out of 4,257,715 shares outstanding).

In the opinion of the Company's management, maintaining the Security's listing on the Exchange is no longer cost effective in light of the annual listing fee

and any future additional listing fee charges.

At its regular meeting held on February 12, 1998, the Company's Board of Directors authorized the Company's management to proceed with the voluntary delisting of the Security from the Exchange.

In its letter dated March 4, 1998, the Exchange informed the Company that it would not object to the withdrawal of the Security from listing and registration of the Exchange.

The Company has represented that the Security will continue to trade on the Amex.

Any interested person may, on or before April 15, 1998, 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 the 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. 98-8316 Filed 3-30-98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39799; File No. SR-NASD-97-26]

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Filing and Order Granting Accelerated Approval to Amendment No. 4 Relating to an Extension of the Pilot for the NASD's Rule Permitting Market Makers To Display Their Actual Quotation Size

March 25, 1998.

I. Background

On March 5, 1998, the National Association of Securities Dealers, Inc. ("NASD"), through its wholly-owned subsidiary, The Nasdaq Stock Market, Inc. ("Nasdaq"), filed with the Securities and Exchange Commission ("Commission" or "SEC") Amendment No. 4 to a proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

("Exchange Act"),¹ and Rule 19b-4 thereunder,² to amend NASD Rule 4613(a)(1)(C), seeking to extend through June 30, 1998, the pilot program in which market makers may quote their actual size (*i.e.*, one normal unit of trading) in 150 Nasdaq stocks ("Actual Size Rule").

The Commission is publishing this notice to solicit comments from interested persons and is approving Amendment No. 4 on an accelerated basis.

II. Proposed Rule Change

The NASD proposes to amend NASD Rule 4613(a)(1)(C) to extend the Actual Size Rule through June 30, 1998. The text of the proposed rule change is as follows. (Additions are italicized; deletions are bracketed.)

* * * * *

4613. Character of Quotations

(a) Two-Sided Quotations.

(1) No Change.

(A)-(B) No Change.

(C) As part of a pilot program implemented by The Nasdaq Stock Market, during the period January 20, 1997 through at least [March 27, 1998] *June 30, 1998*, a registered market maker in a security listed on The Nasdaq Stock Market that became subject to mandatory compliance with SEC Rule 11Ac1-4 on January 20, 1997 or identified by Nasdaq as being otherwise subject to the pilot program as expanded and approved by the Commission must display a quotation size for a least one normal unit of trading (or a larger multiple thereof) when it is not displaying a limit order in compliance with SEC Rule 11Ac1-4, provided, however, that a registered market maker may augment its displayed quotation size to display limit orders priced at the market maker's quotation.

* * * * *

III. Discussion

On August 29, 1996, the Commission promulgated a new rule, the Limit Order Display Rule³ and adopted amendments to the Quote Rule,⁴ which together are designed to enhance the quality of published quotations for securities and promote competition and pricing efficiency in U.S. securities markets (collectively, the "Order Execution Rules").⁵ To facilitate implementation

of the Order Execution Rules, the Commission later approved a variety of amendments to NASD Rules concerning Nasdaq's Small Order Execution System ("SOES") and the SelectNet Service ("SelectNet").⁶

In particular, the Commission temporarily approved a pilot program⁷ whereby Nasdaq market makers in the first 50 stocks subject to the Commission's Limit Order Display Rule were only required to display a minimum quotation size of one normal unit of trading when quoting solely for their own proprietary account.⁸ For non-pilot Nasdaq stocks, the minimum quotation size requirements of 1,000, 500, or 200 shares remained the same.⁹

Although the first 50 stocks were chosen to provide a broad cross section of the most liquid Nasdaq stocks, on October 29, 1997, the Commission approved a NASD filing to amend NASD Rule 461(a)(1)(C) to expand the pilot program to 150 Nasdaq stocks. The Commission also extended the pilot until March 28, 1998.¹⁰ The additional 100 stocks were part of an enhanced sample designed to better represent the entire Nasdaq Market.¹¹ The Commission approved the expansion in response to comment letters suggesting that the first 50 stocks did not sufficiently represent the Nasdaq market because all 20 of the largest Nasdaq stocks were subject to the 100 share minimum. Thus, some commenters suggested that it was difficult to gauge the Actual Size Rule's effect on large Nasdaq stocks since there were no sufficiently large non-pilot stocks with which to compare.

The NASD has concluded an analysis of an expanded pilot, and on March 5, 1998, it filed with the Commission a proposed rule change to apply permanently the Actual Size Rule to all Nasdaq Stocks ("Expansion Proposal").¹² As part of that filing, the

⁶ See Securities Exchange Act Release No. 38156 (January 10, 1997) 62 FR 2415 (January 16, 1997) (order partially approving SR-NASD-96-43) ("Actual Size Rule Approval Order").

⁷ *Id.*

⁸ The Actual Size Rule does not affect a market maker's obligation to display the full size of a customer limit order. If a market maker is required to display a customer limit order for 200 or more shares, it must display a quote size reflecting the size of the customer's order, absent an exception from the Limit Order Display Rule. Market makers may display a greater quotation size if they so choose or if required by the Limit Order Display Rule.

⁹ See NASD Rule 4613(a)(2).

¹⁰ See SEC Release No. 34-39285 (October 29, 1997), 62 FR 59932 (November 5, 1997).

¹¹ See Securities Exchange Act Release No. 39285 (October 29, 1997) 62 FR 59932 (November 5, 1997).

¹² See Securities Exchange Act Release No. 39760 (March 16, 1998) 63 FR 13894 (March 23, 1998).

NASD published a 127 page economic study of the 150 stock pilot ("March 1998 Study").¹³

In the March 1998 Study, the NASD concluded that:

- The Actual Size Rule did not affect the market quality—in terms of spreads, volatility, depth, or liquidity—of pilot stocks.

- The Actual Size Rule has not altered the ability of investors to access market maker capital. For pilot stocks, retail investors continue to have substantial and reasonable access to dealer capital via both SOES and market maker proprietary autoexecution systems.

- There was no evidence of any material difference in market quality of pilot stocks and peer non-pilot stocks during the market stress on October 27 and 28, 1997.

In order to provide the Commission and public commenters an opportunity to review the March 1998 Study and its proposal to expand the Actual Size Rule to all Nasdaq stocks on a permanent basis, the NASD proposes to extend the current 150 stock pilot through June 30, 1998.

IV. Commission's Findings and Order Granting Accelerated Approval of Amendment No. 4 to the Proposed Rule Change

The Commission approved the Actual Size Rule on a pilot basis so that its effects could be assessed. In doing so, the Commission stated that it believed that a reduction in the quotation size requirement could reduce the risks that market makers must take, produce accurate and informative quotations, and encourage market makers to maintain competitive prices even in the changing market conditions resulting from the Order Execution Rules.

As discussed above, the NASD has produced an extensive economic analysis of the pilot. The data appears to suggest that the pilot has not resulted in harm to the Nasdaq market. Indeed, as discussed above, the Actual Size Rule appears to be an appropriate adjustment of market making obligations in light of the changing market dynamics resulting from the Order Execution Rules. Nevertheless, the pilot report is lengthy and the Commission would like to receive informed comment on both the report and the NASD's proposal to adopt permanently the Actual Size Rule. Extending the pilot through June 30, 1998, should provide the Commission and the public with adequate time to examine the report and comment more

¹³ This report is available on the NASD's world wide web site (<http://www.nasdaq.com>).

¹ 15 U.S.C. 78s(b)(1).

² 17 FR 240.19b-4.

³ 17 CFR 240.11Ac1-4.

⁴ 17 CFR 240.11Ac1-1.

⁵ See Securities Exchange Act Release No. 37619A (September 6, 1997) 61 FR 48290 (September 12, 1996) ("Order Execution Rules Adopting Release").

fully the possible impact of the Actual Size Rule on the Nasdaq market. The Commission also believes that approving Amendment No. 4 to the proposed rule change will provide it with greater time to review the public comments before determining whether to expand the Actual Size Rule to all Nasdaq stocks on a permanent basis.

For the reasons discussed above, the Commission finds that the NASD's proposal is consistent with the Exchange Act and the rules and regulations thereunder applicable to a national securities association and has determined to approve the extension of the pilot through June 30, 1998, on an accelerated basis.

The Commission also finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of the filing in order to continue the pilot on an uninterrupted basis for an additional brief period of time.

Accordingly, the Commission believes that the proposed rule change (SR-NASD-97-26) is consistent with Sections 15A(b)(6) and (b)(9) of the Exchange Act¹⁴ and *it is therefore ordered*, pursuant to Section 19(b)(2) of the Exchange Act,¹⁵ that the proposed rule change, SR-NASD-97-26, be and hereby is approved through June 30, 1998.

V. 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 Exchange Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, DC 20549. 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 in the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to File No. SR-NASD-97-26 and should be submitted by April 21, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁶

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-8361 Filed 3-30-98; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 23077; 812-11060]

Piper Funds Inc., et al.; Notice of Application

March 25, 1998.

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

ACTION: Notice of application under section 6(c) of the Investment Company Act of 1940 (the "Act") for an exemption from section 15(a) of the Act.

Summary of the Application: The requested order would permit the implementation, without prior shareholder approval, of new investment advisory and sub-advisory agreements ("Interim Agreements") for a period of up to 120 days following consummation of the merger between Piper Jaffray Companies Inc. ("Piper Jaffray") and U.S. Bancorp ("USB") (but in no event later than August 31, 1998) (the "Interim Period"). The order also would permit Piper Capital Management Incorporated (the "Adviser"), Edinburgh Fund Managers plc ("Edinburgh"), Federated Advisers ("Federated"), and Salmon Brothers Asset Management Inc ("Salomon") (Edinburgh, Federated, and Salomon collectively, the "Sub-Advisers") to receive all fees earned under the Interim Agreements following shareholder approval.

Applicants: Piper Funds Inc. ("PFI"), Piper Funds Inc.-II ("PFI-II"), Piper Global Funds Inc. ("PGF"), Piper Institutional Funds Inc. ("PIF"), each on behalf of its separate investment portfolios, American Government Income Fund Inc. ("AGF"), American Government Income Portfolio, Inc. ("AAF"), American Opportunity Income Fund Inc. ("OIF"), American Municipal Term Trust Inc. ("AXT"), American

Municipal Term Trust Inc.-II ("BXT"), American Municipal Term Trust Inc.-III ("CXT"), Minnesota Municipal Term Trust Inc. ("MNA"), Minnesota Municipal Term Trust Inc.-II ("MNB"), American Municipal Income Portfolio Inc ("XAA"), Minnesota Municipal Income Portfolio Inc. ("MXA"), American Strategic Income Portfolio Inc. ("ASP"), American Strategic Income Portfolio Inc.-II ("BSP"), American Strategic Income Portfolio Inc.-III ("CSP"), American Select Portfolio Inc. ("SLA"), The Americans Income Trust Inc. ("XUS"), Highlander Income Fund Inc. ("HLA"), (collectively, "Piper Funds"), the Adviser, and the Sub-Advisers.

Filing Dates: The application was filed on March 12, 1998.

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 applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on April 20, 1998, and should be accompanied by proof of service on applicants, 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. Piper Funds, 222 Sought Third Street, Minneapolis, MN 55402-3204; Edinburgh Fund Managers plc, Donaldson House, 97 Haymarket Terrace, Edinburgh, Scotland EH12, 5HD; Federated Advisers, Federated Investors Tower, Pittsburgh, PA 15222-3779; Salomon Brothers Asset Management Inc, Seven World Trade Center, New York, NY 10048.

FOR FURTHER INFORMATION CONTACT: Kathleen L. Knisely, Staff Attorney, at (202) 942-0517, or Mary Kay Frech, 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, 450 Fifth Street, N.W., Washington, D.C. 20549 (tel. 202-942-8090).

Applicants' Representations

1. The Piper Funds are each organized as a Minnesota corporation. PFI, PFI-II,

¹⁴ In approving this rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. The proposed rule change will provide the Commission and public commenters with additional time to evaluate the March 1998 Study. Since the Commission believes that the data discussed above indicates that the pilot has not harmed the Nasdaq market thus far, the net effect of approving the proposed rule change will be positive. 15 U.S.C. 78c(f).

¹⁵ 15 U.S.C. 78s(b)(2).

¹⁶ 17 CFR 200.30-3(a)(12).