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RULES AND RELATED MATTERS

U.S. SECURITIES AND EXCHANGE COMMISSION

AMENDMENTS TO CODE OF BEHAVIOR GOVERNING EX PARTE COMMUNICATIONS

The Commission has announced the adoption, effective immediately, of amendments of the Code of Behavior Governing Ex Parte Communications Between Persons Outside the Commission and Decisional Employees, 17 CFR P. 200, Subpt. F. These amendments are designed to conform the language of the Commission's existing rules governing ex parte communications to the requirements of Section 4 of the Government in the Sunshine Act, Public Law 94-409, and do not substantially alter the scope and nature of the Commission's existing rules. Although these modifications to Subpart F take effect immediately, the Commission is offering an opportunity for public comment thereon and, should comment reveal the need for further amendments, appropriate action will be considered.

Comments concerning these amendments should be submitted in triplicate to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, Washington, D.C. 20549, before the close of business on April 15, 1977. All such communications should refer to File S7-682 and will be available for public inspection and copying at the Commission's Public Reference Room, 1100 L Street, N.W., Washington, D.C. (Rel. 33-5815)

COMMENT PERIOD EXTENDED ON PROPOSED RULE 17f-4

The Commission has extended, from March 15 to April 11, 1977, the period for public comment with respect to its proposal to adopt Rule 17f-4 under the Investment Company Act of 1940. The proposed rule would govern the direct or indirect use by registered management companies of certain depository systems for the deposit of such companies' securities. All interested persons are invited to submit, in triplicate, written views and comments to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. 20549, by April 11, 1977. Reference should be made to File No. S7-675. All submissions will be made available for public inspection. (Rel. IC-9669)

COMMENT PERIOD ON PROPOSAL TO AMEND BROKER-DEALER RECORDKEEPING RULE EXTENDED

The Commission has announced that it is extending until April 1 the comment period on a proposed amendment to Securities Exchange Act Rule 17a-3(a)(9) which would alter the recordkeeping requirements with respect to the beneficial ownership of accounts carried by brokers and dealers. The proposal was republished for comment in Securities Exchange Act Release No. 13149 (January 10, 1977). (Rel. 34-13347)

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

REICH, WEINER & CO. CENSURED

The Commission issued its Opinion and Order in these proceedings under Rule 2(e) of its Rules of Practice on February 23. Reich, Weiner & Co. submitted an offer of settlement in which the firm consented to the issuance of the Opinion and Order without admitting or denying any of the statements and conclusions set forth therein. The proceedings arose from Reich Weiner's examinations of the 1972, 1973 and 1974 financial statements of Generics Corporation of America. The Commission found that Reich Weiner had engaged in improper professional conduct in that the firm had not conducted its audits of the Generics financial statements in accordance with generally accepted auditing standards, particularly with respect to inventories of a major Generics subsidiary.

The Commission's Order censures Reich Weiner & Co. and requires the firm to comply with an undertaking to participate in the voluntary quality control program of the AICPA in each of the three calendar years beginning in 1977. The reports of the reviewers under the program are to be provided to the Chief Accountant of the Commission. In addition, Reich Weiner represented that since April 1976 the firm has voluntarily suspended efforts to obtain any new professional engagements involving practicing before the Commission. The Commission's Order requires that such suspension continue until March 15, 1977. (Rel. 34-13302)

COMMISSION ANNOUNCEMENTS

NOTICE OF COMMISSION MEETINGS

Following is a schedule of Commission meetings which will be conducted pursuant to provisions of the Government in the Sunshine Act. In general, the Commission expects to follow a schedule of holding closed meetings on Tuesdays, and open meetings on Thursday mornings. Meetings on Wednesday, and if necessary on Thursday afternoons, will be either open or closed according to the requirements of agenda items under consideration. The Commission will not normally meet on Mondays or Fridays.

Visitors are welcome at all open meetings, insofar as seating is available.

Meetings will be held in the Commission Meeting Room on the eighth floor of the Commission's headquarters building at 500 North Capitol Street, Washington, D.C., or in the Commission Hearing Room, Room 776. All visitors are required to sign in and obtain passes at the Reception Desk in the lobby. Persons wishing to photograph or tape record Commission meetings must obtain permission in advance from the Secretary of the Commission.

Closed Meeting - Tuesday, March 14, 1977 -
10:00 A.M.

The subject matter of this closed meeting will be: (1) Formal Orders of Investigation; (2) Settlement of Injunctive Actions; (3) Institution of Administrative Proceedings; (4) Settlement of Administrative Proceedings; (5) Simultaneous institution and settlement of injunctive actions and/or Administrative Proceedings; (6) Contempt proceedings; (7) Subpoena Enforcement action; (8) Opinion; (9) Freedom of Information Act Appeal; (10) Other litigation matters.

Closed Meeting - Wednesday, March 16, 1977 -
10:00 A.M.

The subject matter of this closed meeting will be: (1) Institution of Injunctive Actions; (2) Freedom of Information Act Appeals; (3) Decisions in Administrative Proceedings; (4) Institution of Administrative Proceedings.

Open Meeting - Thursday, March 17, 1977 -
10:00 A.M.

(1) Consideration of solicitation of public comments on certain proposed amendments to subparagraph (e)(3) of Rule 16b-3 under the Exchange Act to clarify the applicability of the conditions in subparagraph (e)(3) to the exercise of stock appreciation rights.

(2) NASD request to postpone until October, 1977 its initial reporting of last sale options information to Option Price Reporting Authority in connection with the proposed listing of standardized options in the NASDAQ system.

(3) Pacific Stock Exchange applications to delist its call options on NCR Corporation and United States Steel Corporation common stock.

(4) Section 11(a) of the Exchange Act relating to transactions by members of national securities exchanges; Commission rulemaking authority under Section 11(a).

(5) Banner Redi-Resources Trust - Review of staff's denial of a no-action position with respect to a proposal whereby 50% of the advisory fee paid by a mutual fund would be reallocated to dealers who distribute shares of the fund.

(6) G. T. Pacific Fund, Inc. - application by open-end investment company investing primarily in Japanese securities for an order which would permit it to (1) determine its net asset value for pricing purposes, as of the close of the Tokyo Stock Exchange rather than the New York Stock Exchange (2) suspend the right of redemption and to postpone payment upon redemption for more than seven days from any period during which the Tokyo Stock Exchange is closed or when trading on that exchange is restricted.

(7) United States Guaranteed Assets, Inc. - requested exemption from the Investment Company Act to permit applicant to act as a warehousing bank for affiliated persons of it by loaning its assets, at the prime interest rate, to such persons.

(8) Kansas Venture Capital, Inc. - Application for exemption from all the provisions of the Investment Company Act.

(9) Montgomery Street Securities, Inc. - Application for exemption from Section 18(c) of Investment Company Act to permit lending of portfolio securities by investment company subject to enumerated conditions.

(10) Freedom of Information Act Appeal of I. Walton Bader.

(11) American Electric Power Company - Memorandum Opinion explaining Commission order on a dividend reinvestment plan.

2:00 P.M.

Meeting Re "Dual Trading of Options" (Rm. 776).

Requests for information concerning the meetings should be directed to Vernon I. Zvoleff (202-755-1387).

COURT ENFORCEMENT ACTIONS

ROBERT W. BRADFORD,
BERTSIL L. SMITH INDICTED

The Atlanta Regional Office announced that on February 22 a federal grand jury in Atlanta, Georgia returned an indictment charging Robert W. Bradford with eight counts of wire fraud and Bertsil L. Smith with five counts of wire fraud in transactions involving certain municipal securities. (U.S. v. Robert W. Bradford and Bertsil L. Smith, A-883, N.D. Ga. Atlanta Division, Criminal Indictment No. 77-79-A). (LR-7813)

COMPLAINT NAMES LOUIS H. KAPP, JR., OTHERS

The Chicago Regional Office announced that on February 18 a civil injunctive complaint was filed in the Federal District Court in Chicago, Illinois, against Louis H. Kapp, Jr. of West Plains, Missouri, KAPPCO, also known as Kapp Oil Recoveries and James Evanos, also known as James Eveglatos and also known as Dimitrios Eveglatos of Schaumburg, Illinois. The complaint alleges violations of the registration and anti-fraud provisions of the securities laws in the offer and sale by the defendants of fractional undivided working interests in oil and gas leases located in Saline County, Illinois. (SEC v. Louis H. Kapp, Jr., et al., ND Ill., 77-C-580). (LR-7817)

INVESTMENT COMPANY ACT RELEASES

PENNSYLVANIA TAX-FREE INCOME TRUST

An order has been issued pursuant to Section 6(c) of the Act on an application of Pennsylvania Tax-Free Income Trust (Trust), a registered open-end, diversified management investment company, and Butcher & Singer, Inc., one of the Trust's managing underwriters and its general distributor, exempting from Section 22(d) the proposed sale of Trust shares at net asset value without a sales charge to participants in a reinvestment program for unitholders in a unit investment trust sponsored by Butcher & Singer who are also shareholders of the Trust. (Rel. IC-9670 - Mar. 9)

HOLDING COMPANY ACT RELEASES

METROPOLITAN EDISON COMPANY

A notice has been issued giving interested persons until April 4 to request a hearing on a proposal of Metropolitan Edison Company, subsidiary of General Public Utilities, that it issue short-term notes to banks in the amount of \$89 million through December 31, 1977. (Rel. 35-19928 - Mar. 10)

SELF-REGULATORY ORGANIZATIONS

NOTICE OF EFFECTIVENESS OF A RULE CHANGE

A rule change filed by The Depository Trust Company (DTC) pursuant to Rule 19b-4 (SR-DTC-77-2) has become effective in accordance with Section 19(b)(3) of the Securities Exchange Act of 1934. The rule change reduces DTC's long position fee for bonds and other debt securities on deposit. Publication of the proposal is expected to be made in the Federal Register during the week of March 14. (Rel. 34-13355)

APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved a proposed rule change filed by the Municipal Securities Rulemaking Board (MSRB) (SR-MSRB-76-8). The rule change is to establish uniform rules applicable to all participants in the municipal securities industry with respect to the dissemination of quotations relating to municipal securities and reports of municipal securities transactions. (Rel. 34-13348)

The Commission has also approved a proposal filed by the MSRB. The rule change (SR-MSRB-77-2) will provide a procedure for the nomination and election of successor members of the MSRB. (Rel. 34-13349)

MISCELLANEOUS

GORDON & CO.

A notice has been issued giving interested persons until April 4 to request a hearing on an application of Gordon & Co. pursuant to Section 12(h) of the Securities Exchange Act of 1934 requesting an exemption from the provisions of Section 15(d) of such Act. Gordon is a broker-dealer registered under Section 15 of the Act and is subject to the reporting requirements of Section 17 of the Act, including, but not limited to the filing of monthly, quarterly and annual reports. (Rel. 34-13356)

NOTICE

Many requests for copies of documents referred to in the SEC News Digest have erroneously been directed to the Government Printing Office. Copies of such documents and of registration statements may be ordered from the Public Reference Section, Securities and Exchange Commission, Washington, D.C. 20549. The reproduction cost is 10¢ per page plus postage (7 days) (\$3.50 minimum); 20¢ per page plus postage for expedited service (4 days) (\$5.00 minimum) and 30¢ per page plus postage for priority service overnight (\$5.00 minimum). Cost estimates are given or request. All other reference material is available in the SEC Docket.

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