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RULES AND RELATED MATTERS

U.S. SECURITIES AND EXCHANGE COMMISSION

AMENDMENT TO REGULATION S-X RE REPLACEMENT COST DISCLOSURES ADOPTED

The Commission has adopted a safe harbor rule relating to replacement cost disclosures. The rule requires that a person seeking to establish that there has been a violation of the antifraud provisions of the securities laws must demonstrate that the replacement cost data was either (1) prepared without a reasonable basis or (2) disclosed in other than good faith. (Rel. 33-5780)

ANNOUNCEMENT OF A LOST AND STOLEN SECURITIES PROGRAM AND THE ADOPTION OF RULE 17f-1

The Commission announced the adoption of a lost and stolen securities program effective March 1, 1977. The Commission also announced the adoption of Rule 17f-1 under the Securities Exchange Act of 1934 setting forth reporting and inquiry requirements for lost and stolen securities effective March 1, 1977.

Rule 17f-1 requires every national securities exchange, member thereof, registered securities association, broker, dealer, municipal securities dealer, registered transfer agent, registered clearing agent, participant therein, member of the Federal Reserve System and bank whose deposits are insured by the Federal Deposit Insurance Corporation to report, within specified time periods, all incidents of missing, lost, stolen or counterfeit securities. The rule would also require certain securities coming into the possession or control of the above institutions to be the subject of inquiry against the reporting system. The Commission also seeks comments concerning the designation of an entity to process reports and inquiries required to be made with the Commission during a pilot period for the implementation of Rule 17f-1.

All interested persons are invited to submit written statements of views and comments on the program and the designation of an entity to perform certain functions under the Commission's direction. Comments should be addressed to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, Washington, D.C. 20549. All such communications must be received on or before January 15, 1977 and should refer to File No. S7-611. (Rel. 34-13053)

COMMISSION ANNOUNCEMENTS

REVISED SCHEDULE OF TESTIMONY FOR HEARINGS ON THE ALLOCATION OF EXAMINATION RESPONSIBILITIES AMONG SELF-REGULATORS AND IMPLEMENTATION OF RULE 17d-2

The Commission announced that the hearings on the allocation of examination responsibilities among self-regulators and implementation of Rule 17d-2, which was adopted by the Commission in Securities Exchange Act Release No. 12935 (October 28, 1976), will commence on December 16, 1976 rather than on December 14, 1976 as announced in the News Digest of December 2, 1976.

This change in schedule resulted from a request by the National Association of Securities Dealers, Inc. that its appearance be postponed in order to allow it additional time in which to prepare its testimony.

Participants will testify in Room 776 according to the following revised schedule.

December 16, 1976, 10 a.m.: The New York Stock Exchange, Inc.

December 16, 1976, 2 p.m.: The Municipal Securities Rulemaking Board

December 21, 1976, 2 p.m.: The National Association of Securities Dealers, Inc.

All witnesses are required to submit 25 copies of their prepared statements and any relevant exhibits no later than 4 business days in advance of their appearance.

Oral presentations shall be limited to 15 minutes. Witnesses should be prepared to respond to questions from the Commission and the staff. In advance of or during the hearings, any person may submit written questions to be directed to a particular witness or group of witnesses. It will be within the sole discretion of the designated officer whether, and to what extent, to direct these questions to any witness. Lee A. Pickard and Daniel J. Piliero II will be the designated hearing officers.

COURT ENFORCEMENT ACTIONS

COMPLAINT NAMES DAVID BARNES, OTHERS

The New York Regional Office announced that on November 11 a complaint was filed in the U.S. District Court for the Southern District of New York seeking to enjoin David Barnes, vice-president and chief financial officer of Beef Steak Charlie's, Inc., Carl Palestini, vice-president and chief construction officer of the company, Robert Gladstone, a former employee, Gladstone's brother Howard and another individual, Howard Terry from violations of the antifraud provisions of the securities laws. The complaint alleges that the defendants purchased and/or recommended the purchase of the common stock of Beef Steak Charlie's Inc. (formerly known as Steak & Brew, Inc.) while in possession of material non-public information concerning the company's sales, earnings, and profitability. Beef Steak Charlie's, which operates a chain of restaurants, is presently in bankruptcy pursuant to Chapter XI of the bankruptcy laws. In connection with this action, the Commission on November 16, 1976, filed a motion in the Bankruptcy Court seeking the authorization of that Court to file a complaint in the U.S. District Court for the Southern District of New York charging that Beef Steak Charlie's violated the periodic reporting requirements of the securities laws. (SEC v. David Barnes, et al., 76 Civil 5068 CSH). (LR-7690)

INVESTMENT COMPANY ACT RELEASES

AMERICAN SPECIAL FUND

An order has been issued declaring that American Special Fund, Inc., a registered diversified, open-end management investment company, has ceased to be an investment company. (Rel. IC-9563 - Dec. 8)

SELF-REGULATORY ORGANIZATIONS

APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved proposed rule changes (SR-CBOE-76-20) and amendments thereto of December 7, 1976, filed by the Chicago Board Options Exchange, Incorporated. The rule changes would (1) require a decision by two floor officials to halt or resume trading in an option contract; (2) define actions to be taken under unusual market conditions; (3) clarify use of hand signal communications; (4) define a Market-On-Close order; (5) clarify procedure for accommodation liquidations; (6) promote prompt payment of commissions between members; (7) clarify procedure for pre-trading acceptance of orders by Board Brokers; (8) require at least one exchange member assistant for a Board Broker. (Rel. 34-13048)

The Commission has approved a proposed rule change filed by the Chicago Board Options Exchange, Inc. (SR-CBOE-76-18) which amends CBOE Rules 5.3 and 5.4 to provide new standards for the approval and withdrawal of approval of stocks underlying exchange listed options. (Rel. 34-13050)

The Commission has approved a proposed rule change filed by the American Stock Exchange, Inc. (SR-Amex-76-21) which amends Amex Rules 915 and 916 to provide new standards for the approval and withdrawal of approval of stocks underlying exchange listed options. (Rel. 34-13051)

MISCELLANEOUS

RIXSON-FIREMARK, INC.

A notice has been issued giving interested persons until January 3 to request a hearing on an application by RFI, Inc., successor by merger to Rixson-Firemark, Inc., pursuant to Section 12(h) of the Securities Exchange Act of 1934, for an order exempting Applicant from filing with respect to Rixson an annual report on Form 10-K for the year ended March 31, 1976, required to be filed pursuant to Sections 13 and 15(d) of that Act. (Rel. 34-13059)

INTERNATIONAL FUNERAL SERVICES OF CALIFORNIA, INC.

A notice has been issued giving interested persons until January 3 to request a hearing on an application by International Funeral Services of California, Inc., pursuant to Section 12(h) of the Securities Exchange Act of 1934, for an order exempting Applicant from the reporting requirements of Section 13 of that Act. (Rel. 34-13060)

NN INVESTORS LIFE INSURANCE COMPANY

An order has been issued granting the application of NN Investors Life Insurance Company, Inc., a Wisconsin corporation, under Section 12(h) of the Securities Exchange Act of 1934, for an exemption from the reporting requirements of Section 13 of the Act. It appears to the Commission that the requested exemption is not inconsistent with the public interest or the protection of investors because the Applicant is now a wholly-owned subsidiary of Life Investors Inc. (Rel. 34-13061)

ANCHOR COUPLING CO., INC.

An order has been issued granting the application of Anchor Coupling Co., Inc. (Applicant) pursuant to Section 12(h) of the Securities Exchange Act of 1934, for an order exempting Applicant from the requirements of Section 12(g), 13, 14, and 15(d) of the Act. As a result of a cash tender offer and subsequent purchases, Amerace Corporation has acquired more than ninety-nine percent of Applicant's common shares and the number of Applicant's shareholders is now fewer than three hundred. It therefore appears to the Commission that the requested exemption is not inconsistent with the public interest or the protection of investors. (Rel. 34-13062)

SECURITIES ACT REGISTRATIONS

(S-6) THE CORPORATE INCOME FUND, FORTY-FOURTH MONTHLY PAYMENT SERIES

\$20 million of units of beneficial interest, to be offered for sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Inc., 125 High St., Boston, Mass. 02110. The Fund, a unit investment trust, was created by a trust agreement among Merrill Lynch, Bache Halsey Stuart Inc. and Reynolds Securities Inc., as sponsors, The Bank of New York and Shawmut Bank of Boston, N.A., as trustees, and Interactive Data Services Inc., as evaluator. The Fund's primary objective is providing a high level of current income through investment in a fixed portfolio of long-term debt obligations, issued primarily by corporations. (File 2-57836 - Dec. 7)

(S-14) BAXTER TRAVENOL LABORATORIES, INC.

One Baxter Pkwy., Deerfield, Ill. 60015 - 528,053 shares of common stock, proposed to be issued to shareholder of Clinical Assays, Inc., in the acquisition of that company. Baxter manufactures and sells medical care products. (File 2-57837 - Dec. 7)

(S-1) TALISMAN FUND

330 Washington St., Marina Del Rey, Cal. 90291 - 10,000 units of limited partnership interests, to be offered for sale by the general partner of the Fund through its officers, directors, and employees who are qualified to make such subscriptions. The price per unit shall be the purchase price per unit as defined in the prospectus. The Fund intends to buy and sell commodities and commodities futures contracts. (File 2-57838 - Dec. 7)

(S-14) REPUBLIC OF TEXAS CORPORATION (REPUBLIC)

1800 Republic National Bank Bldg., Pacific and Ervay Sts., Dallas, Tex. 75201 - 58,191 shares of common stock. It is proposed that these shares will be issued in connection with the merger of Dallas National Bank in Dallas (Dallas Bank) into a

wholly-owned (except directors' qualifying shares) subsidiary bank of Republic of Texas Corporation. Upon the effectiveness of the merger, each outstanding share of common stock of Dallas Bank will be converted into .82 share of common stock of Republic of Texas Corporation. No fractional shares, however, will be issued. (File 2-57841 - Dec. 7)

(S-7) MIDDLE SOUTH UTILITIES, INC.

225 Baronne St., New Orleans, La. 70112 - 8,000,000 shares of common stock, to be offered for sale at competitive bidding. Middle South Utilities, Inc. is a public utility holding company. (File 2-57842 - Dec. 7)

(S-16) GENERAL SIGNAL CORPORATION

High Ridge Park, Stamford, Conn. 06904 - 2,800 shares of common stock, to be offered for sale from time to time by certain stockholders at prices current at the time of sale. The company is principally engaged in the design, manufacture and sale of specialty control equipment and systems in four product groups: (1) environmental and industrial process controls; (2) transportation controls; (3) life safety and building controls; and (4) mobile equipment controls and components; and in addition is engaged in the manufacture and sale of home appliances. (File 2-57843 - Dec. 7)

(S-14) FROSTBANK CORPORATION

100 West Houston St., San Antonio, Tex. 78205 - 886,166 shares of common stock. Upon consummation of a merger agreement between FrostBank Corporation and Cullen Bankers, Inc., Cullen will be merged into FrostBank, and FrostBank, the continuing company, will then be renamed "Cullen/Frost Bankers, Inc." Each share of Cullen common stock will be converted into .8% a share of Cullen/Frost common stock. FrostBank is a bank holding company controlling five banks and two business corporations. (File 2-57845 - Dec. 8)

(S-16) FARINON ELECTRIC

1691 Bayport, San Carlos, Cal. - 305,400 shares of common stock, to be sold from time to time in the over-the-counter market by 152 selling shareholders. Such shares were received in exchange for all of the shares of stock of Farinon Electric of Canada, Ltd. held by such persons. Farinon Electric is engaged in the design, manufacture and sale of communications equipment. (File 2-57846 - Dec. 8)

REGISTRATIONS EFFECTIVE

Dec. 8: Arkansas Power & Light Co., 2-57628; Bausch & Lomb Inc., 2-57797; City Investing Co., 2-57572; The Corporate Income Fund, Fifth Preferred Stock Series, 2-55374; Diamond Shamrock Corp., 2-57692; E. F. Hutton Tax-Exempt Fund, National Series 28, 2-57605; The Empire District Electric Co., 2-57619; Honda Motor Co., Ltd., 2-57528 & 2-57529; Insured Municipals Income Trust, Series 10, 2-57511; Loctite Corp., 2-57724; Maryland Cup Corp., 2-57762; Midlantic Banks Inc., 2-57771; Parker-Hannifin Corp., 2-57778; Southern Pacific Transportation Co., 2-57636; Texasgulf Inc., 2-57631; United Michigan Corp., 2-57233; Virginia Electric & Power Co., 2-57569.

NOTE TO DEALERS. When applicable the 90-day period of time dealers are required to use the prospectus is noted above in parentheses after the name of the issuer. As to the other issuers, there may be no such requirement to use a prospectus, or the requirement may be for a period of only 40 days; see Section 4(3) of the Securities Act of 1933 and Rule 174 (17 CFR 230.174) thereunder.

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 on request. All other reference material is available in the SEC Docket.

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