

companies listed on the Hong Kong stock exchange representative of Hong Kong industry. The Hang Seng Index is a recognized indicator of stock market performance in Hong Kong. The Nikkei 225 Index is a price-weighted index comprised of 225 Japanese companies listed on the Tokyo Stock Exchange. The Nikkei 225 Index is well-known both inside and outside Japan. The publishers of the FT Index, Hang Seng Index and the Nikkei 225 Index are not affiliated with any Series or the Sponsor and do not participate in any way in the creation of any Series or the selection of its stocks.

4. The securities deposited in each Series will be chosen solely according to the formula described above, and will not necessarily reflect the research opinions or buy or sell recommendations of the Sponsor. The Sponsor is authorized to determine the date of deposit, to purchase securities for deposit in the Series, and to supervise each Series' portfolio. The Sponsor will not have any discretion as to which securities are purchased. Securities deposited in a Series may include securities issued by Securities Related Issuers.

5. The Series' portfolios will not be actively managed. Sales of portfolio securities will be made in connection with redemptions, with payment of expenses, and at termination of the Series on a date specified a year in advance. The Sponsor does not have discretion as to when securities will be sold except that it is authorized to sell securities in extremely limited circumstances, such as a default by the issuer in the payment of any of its outstanding obligations, a decrease in the price of a security, or other such credit factors exist so that, in the opinion of the Sponsor, the retention of such securities would be detrimental to the Series. The adverse financial condition of an issuer will not necessarily require the sale of its securities from a Series' portfolio.

Applicant's Legal Analysis

1. Section 12(d)(3) prohibits an investment company from acquiring any security issued by any person who is a broker, dealer, underwriter, or investment adviser. Rule 12d3-1 under the Act exempts purchases of securities of an issuer that derived more than 15% of its gross revenues in its most recent fiscal year from securities related activities, provided that, among other things, immediately after such acquisition, the acquiring company has invested not more than 5% of the value of its total assets in securities of the issuer.

2. Section 6(c) of the Act provides that the SEC may exempt a person from any provision of the Act or any rule thereunder, if and to the extent that the exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

3. Applicant requests an exemption under section 6(c) from section 12(d)(3) to permit any Foreign Target Ten Series to invest up to approximately 10%, but in no event more than 10.5%, of the value of its total assets in securities of a Securities Related Issuer and to permit a Foreign Target Five Series to invest up to 20%, but in no event more than 20.5% of the value of its total assets in securities of a Securities Related Issuer. Each Series will comply with all of the conditions of rule 12d3-1, except the condition prohibiting an investment company from investing more than 5% of the value of its total assets in securities of a Securities Related Issuer.

4. Section 12(d)(3) was intended to prevent investment companies from exposing their assets to the entrepreneurial risks of securities related businesses, to prevent potential conflicts of interest, and to eliminate certain reciprocal practices between investment companies and securities related businesses. One potential conflict could occur if an investment company purchased securities or other interests in a broker-dealer to reward that broker-dealer for selling fund shares, rather than solely on investment merit. Applicant believes that this concern does not arise in connection with its application because neither it nor the Sponsor has discretion in choosing the portfolio securities or amount purchased. The security must first be included in the appropriate index, which indexes are unaffiliated with applicant or the Sponsor. In addition, with respect to the Foreign Target Ten Series, the securities must also qualify as one of the ten highest dividend yielding securities in the respective index, and with respect to the Foreign Target Five Series, the securities must qualify as one of the five lowest dollar price per share stocks of the ten highest dividend yielding stocks in the respective index.

5. Applicant also believes that the effect of a Series' purchase on the stock of parents of broker-dealers or other securities companies would be *de minimis*. The common stocks of Securities Related Issuers represented in the FT Index, the Hang Seng Index, or the Nikkei 225 Index are widely held, have active markets, and potential purchases by any Series would

represent an insignificant amount of the outstanding common stock and the trading volume of any of these issues. Accordingly, applicant believes that it is highly unlikely that purchases of these securities by a Series would have any significant impact on the securities' market value.

6. Another potential conflict of interest could occur if an investment company directed brokerage to a broker-dealer in which the company has invested to enhance the broker-dealer's profitability or to assist it during financial difficulty, even though that broker-dealer may not offer the best price and execution. To preclude this type of conflict, applicant and each Series agree, as a condition of this application, that no company held in a Series' portfolio nor any affiliate thereof will act as a broker for any Series in the purchase or sale of any security for its portfolio.

7. Applicant believes that the requested relief is appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

Applicant's Condition

Applicant and each Series agree that any order granted under this application may be conditioned upon no company held in the Series' portfolio, nor any affiliate thereof, acting as broker for any Series in the purchase or sale of any security for the Series' portfolio.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-19119 Filed 7-26-96; 8:45 am]

BILLING CODE 8010-01-M

Issuer Delisting; Notice of Application To Withdraw From Listing and Registration; (MedQuist Inc., Common Stock, No Par Value) File No. 1-13326

July 23, 1996

MedQuist Inc. ("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 American Stock Exchange, Inc. ("Amex").

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

According to the Company, its Board of Directors unanimously voted to

withdraw the Security from listing on the Amex and, instead, to list the Security on the Nasdaq National Market. The decision of the Board followed a through study by management of the matter and was based upon the belief that the Company's shareholders would benefit from greater liquidity and broader research coverage by listing of the Security on the Nasdaq National Market rather than the Amex.

Any interested person may, on or before August 13, 1996 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 exchanges 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. 96-19185 Filed 7-26-96; 8:45 am]

BILLING CODE 8010-01-M

Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following meeting during the week of July 29, 1996.

A closed meeting will be held on Thursday, August 1, 1996, at 10:00 a.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(4), (8), (9)(A) and (10) and 17 CFR 200.402(a)(4), (8), (9)(i) and (10), permit consideration of the scheduled matters at the closed meeting.

Commissioner Hunt, as duty officer, voted to consider the items listed for the closed meeting in a closed session.

The subject matter of the closed meeting scheduled for Thursday, August 1, 1996, at 10:00 a.m., will be:

Institution and settlement of injunctive actions.

Institution of administrative proceedings of an enforcement nature.

Opinion.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact: The Office of the Secretary at (202) 942-7070.

Dated: July 25, 1996.

Jonathan G. Katz,
Secretary.

[FR Doc. 96-19371 Filed 7-25-96; 8:45 am]

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[Release No. 34-37461; File No. SR-GSCC-96-06]

Self-Regulatory Organizations; Government Securities Clearing Corporation; Notice of Filing of Proposed Rule Change To Permit Netting Members To Receive Credit Forward Mark Adjustment Payments

July 19, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on June 15, 1996, the Government Securities Clearing Corporation ("GSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-GSCC-96-06) as described in Items, I, II, and III below, which items have been prepared primarily by GSCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change will amend GSCC's rules to permit GSCC netting members to receive credit forward mark adjustment payments from GSCC pursuant to GSCC's funds-only settlement process.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, GSCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. GSCC has prepared summaries, set forth in sections (A), (B),

and (C) below, of the most significant aspects of such statements.²

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The purpose of the proposed rule change is to amend GSCC Rule 13 to permit all netting members to receive credit forward mark adjustment payments from GSCC pursuant to GSCC's funds-only settlement process. The forward mark adjustment is a daily mark-to-market process for all net settlement positions designed to account for GSCC's ongoing exposure on each forward net settlement position. As the novation of forward settling trades occurs prior to the settlement of such trades, GSCC incurs multiday settlement exposure on such trades. To mitigate this risk, GSCC collects on a daily basis an amount equivalent to the difference between the contract value of netting members' positions and GSCC's system value based on current market value ("collateral mark"). GSCC also collects a financing mark based on the rate for all forward repurchase and reverse repurchase transactions ("repos").³ A member's forward mark adjustment payment is the sum of all collateral marks and all financing marks.

GSCC collects forward mark adjustment payments from those netting members with a negative forward mark adjustment on a particular business day with regard to a particular CUSIP and remits forward mark adjustment payments to category 1 dealer and bank netting members that are in a positive forward mark position with regard to such CUSIP. A member's required payment is recalculated each day with any debit or credit from the previous day reversed, and a new forward mark adjustment payment obligation is established. Only cash can be used to fund forward mark adjustment payments because GSCC passes through credit forward mark adjustment payments.

GSCC's rules currently provide that only category 1 dealer netting members and bank netting members that have been members for at least sixty calendar days are entitled to receive credit forward mark adjustment payments. This limitation was put into effect in connection with the implementation of GSCC's netting service for repos.⁴ GSCC

² The Commission has modified the text of the summaries prepared by GSCC.

³ The financing mark is equal to the product of the market value of the repo, GSCC's system repo rate, and the repo term.

⁴ For a complete description of GSCC's repo netting system, refer to Securities Exchange Act

¹ 15 U.S.C. 78s(b)(1) (1988).