Week of August 19—Tentative

There are not meetings scheduled for the Week of August 19.

Week of August 26—Tentative

Monday, August 26

2:00 p.m. Meeting with Chairman of Nuclear Safety Research Review Committee (NSRRC) (Public Meeting) (Contact: Jose Cortez, 301–415–6596)

Tuesday, August 27

10:00 a.m. Briefing on Design Certification Issues (Public Meeting) (Contact: Jerry Wilson, 301–415–3145)

2:00 p.m. Briefing on Annealing Demonstration Project (Public Meeting) (Contact: Michael Mayfield, 301–415–6690)

Wednesday, August 28

10:00 a.m. Briefing on Certification of USEC (Public Meeting) (Contact: John Hickey, 301–415–7192)

11:30 a.m. Affirmative Session (Public Meeting) (if needed)

The schedule for commission meetings is subject to change on short notice. To verify the status of meetings call (recording)—(301) 415–1292. Contact person for more information: Bill Hill (301) 415–1661.

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The NRC Commission Meeting Schedule can be found on the Internet at: http://www.nrc.gov/SECY/smj/schedule.htm.

This notice is distributed by mail to several hundred subscribers; if you no longer wish to receive it, or would like to be added to it, please contact the Office of the Secretary, Attn: Operations Branch, Washington, D.C. 20555 (301–415–1963).

In addition, distribution of this meeting notice over the internet system is available. If you are interested in receiving this Commission meeting schedule electronically, please send an electronic message to alb@nrc.gov or dkw@nrc.gov.

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Dated: August 1, 1996.

William M. Hill, Jr.,

SECY Tracking Officer, Office of the Secretary.

[FR Doc. 96–20218 Filed 8–5–96; 10:58 am]

BILLING CODE 7590–01–M

Decision Not To Finalize the Draft of the Final Preapplication Safety Evaluation Report for the Modular High-Temperature Gas-Cooled Reactor

AGENCY: U.S. Nuclear Regulatory Commission.

ACTION: Notice of decision not to issue the final safety evaluation report for an advanced reactor design.

SUMMARY: The Nuclear Regulatory Commission (NRC) placed a notice in the Federal Register (61 FR 6869, February 22, 1996) that it had issued the draft of the final preapplication safety evaluation report (PSER) for the modular high-temperature gas-cooled reactor (MHTGR), an advanced reactor design proposed by the U.S. Department of Energy (DOE) in 1986. The NRC had been conducting a preapplication review of the MHTGR design since 1986 at the request of DOE and in a manner consistent with the Commission's Advanced Reactor Policy Statement (51 FR 24643, July 8, 1986). The preapplication review process is described in NUREG–1226, ''Development and Utilization of the NRC Policy Statement on the Regulation of Advanced Nuclear Power Plants,'' June 1988, and is conducted before an application is submitted for design approval: preliminary design approval, final design approval, or design certification under 10 CFR Part 52.

The draft PSER was issued to DOE in a letter dated February 26, 1996, and comments were requested from DOE to finalize the draft PSER. Comments were also requested from General Atomics, the vendor for the MHTGR design, in the NRC letter of March 20, 1996. Both DOE and GA responded to the NRC in the letters of March 12 and April 29, 1996, respectively, and both declined to comment on the draft PSER. DOE further stated that NRC should discontinue its review of the MHTGR.

On the basis of the responses from DOE and GA, the NRC has decided to terminate all future actions on the draft PSER for the MHTGR and, therefore, will not finalize the draft PSER.

The draft PSER was placed in the NRC Public Document Room (PDR) with the NRC letter of February 26, 1996, to DOE. The draft PSER is comprised of Volume 1, which contains the documentation of the staff's preapplication review of the MHTGR design and the conclusions of the staff on the design from this review, and Volume 2, which contains the appendices to the draft PSER, without copies of the documents that are in the PDR or in Central Files and are not essential for the staff's discussion of MHTGR licensability and policy issues in the draft PSER. These documents, which were in Appendices C through J of Volume 2, were not included in the draft PSER, when it was issued, to reduce its size; however, because the draft PSER will not be finalized, these documents will also be placed in the PDR.

FOR FURTHER INFORMATION CONTACT: Jack N. Donohew, NRC, Office of Nuclear Reactor Regulation, Washington, DC 20555–0001, Telephone (301) 415–1307.

Dated at Rockville, Maryland, this 1st day of August 1996.

For the Nuclear Regulatory Commission.

Theodore R Quay,

Director, Standardization Project Directorate, Division of Reactor Program Management, Office of Nuclear Reactor Regulation.

[FR Doc. 96–20116 Filed 8–6–96; 8:45 am]

BILLING CODE 7590–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC–22114; 813–144]

Great Pond Investors, L.P., et al.; Notice of Application

August 1, 1996.

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

ACTION: Notice of Application for Exemption under the Investment Company Act of 1940 (the ''Act'').

APPLICANTS: Great Pond Investors, L.P. (''Great Pond''), GPCI, L.P. (the ''Co-Investment Partnership'') and Bain & Company, Inc. (''Bain'').

RELEVANT 1940 ACT SECTIONS: Applicants request an order under sections 6(b) and 6(e) granting an exemption from all provisions of the Act except section 9, certain provisions of sections 17 and 30, sections 36 through 53, and the rules and regulations thereunder.

SUMMARY OF APPLICATION: Applicants request an order exempting Great Pond and the Co-Investment Partnership (collectively, the ''Initial Partnerships'') and subsequent partnerships or other investment vehicles organized by Bain or one of its subsidiaries (the ''Subsequent Partnerships'') from all provisions of the Act with certain specified exceptions. The Initial and Subsequent Partnerships (collectively, the ''Partnerships''), each of which will be an ''employees' securities company'' within the meaning of the Act, will be offered to key employees of Bain and its subsidiaries (the ''Company Group'') who meet certain minimum financial criteria.

FILING DATES: The application was filed on October 20, 1995, and amended on March 28 and July 30, 1996.

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 August 26, 1996, 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 5th Street, N.W., Washington, D.C. 20549. Applicants: Two Copley Place, Boston, Massachusetts 02117.

FOR FURTHER INFORMATION CONTACT: H.R. Hallock, Jr., Special Counsel at (202) 942–0564 or Robert A. Robertson, 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.

Applicants' Representations

1. The Company Group, an international consulting firm with more than 1,200 employees worldwide, specializes in developing and implementing business strategy for numerous corporate clients in a variety of industries. The two Initial Partnerships are newly-formed Delaware limited partnerships. Subsequent Partnerships may be organized as limited partnerships, limited liability companies or other types of entities.

2. Each Partnership will have at least one general partner or manager (collectively, ''General Partners'') who will be a member of the Company Group. The Partnerships will be established from time to time to enable key employees of the Company Group to participate in certain investment opportunities of which the Company Group becomes aware that generally would not be available to them as individual investors. The ultimate purpose of the Partnerships is to reward and retain key employees and to aid the Company Group's recruitment efforts.

3. The Partnerships will operate as non-diversified, closed-end management investment companies. Except for short-term investments, Great Pond will invest solely in private equity investment funds (the ''Initial Investment Funds'') which are managed by Bain Capital, Inc. (''BCI''), a private investment firm established by former employees of the Company Group and other persons. The Initial Investment Funds, which are exempt from registration under the Act in reliance on section 3(c)(1) of the Act, will make private equity investments primarily in acquisitions and restructurings where the general partners of the Initial Investment Funds and BCI believe they can create value and improve operating profits substantially.

4. The Co-Investment Partnership may co-invest with the Initial Investment Funds in certain transactions referred to BCI by the Company Group or an employee of the Company Group. BCI may also offer the Co-Investment Partnership the opportunity to co-invest in other transactions in which the Initial Investment Funds invest. It is expected that the Subsequent Partnerships will make private equity and other investments, both directly and through investments in limited partnerships and other pooled investment vehicles managed by BCI and others, including investments in public companies and investments in registered investment companies.

5. Limited partnership interests in the Partnerships (or other similar interests in a Partnership not organized as a limited partnership) (''Interests'') will be offered without registration in a transaction exempt from registration under section 4(2) of the Securities Act of 1933 (the ''Securities Act'') or pursuant to Regulation D under the Securities Act.[1] Interests will be offered and sold to (a) ''Eligible Employees,'' as defined in the following paragraph, and (b) trusts or other investment vehicles for the benefit of such Eligible Employees and/or members of their immediate families, including self-directed 401(k) plans (''Eligible Trusts,'' collectively with Eligible Employees, ''Eligible Participants''). Members of the Company Group (temporarily and for the convenience of future Eligible Participants) may also hold Interests in a Partnership. A member of the Company Group may sell all or a portion of its Interest in a Partnership to Eligible Participants.

6. The term ''Eligible Employees'' is defined to include the following three groups of individuals who are ''accredited investors'' meeting the income requirements set forth in rule 501(a)(6) of Regulation D of the Securities Act: (i) members of the professional staff of the Company Group, which consists of (in order of seniority) directors, vice presidents, managers, consultants and assistant consultants, (ii) former vice presidents of the Company Group who provide to the Company Group thirty hours per week, on average, of services as subcontractors, and (iii) members of the administrative staff of the Company Group. Such an Eligible Employee may be determined to meet such income requirements of Regulation D by reference to income from sources other than from the Company Group. The term ''Eligible Employees'' is further defined to include the following two groups of individuals who are not ''accredited investors'' meeting the income requirements of rule 501(a)(6) of Regulation D: (i) a limited number of professionals consisting of managers who meet the sophistication and salary requirements described in paragraph 7 below and (ii) a small number of other employees of the Company Group who will be involved in managing the day-to-day affairs of the Partnerships as described in paragraph 8 below.

7. A manager who does not satisfy the income requirements of rule 501(a)(6) of Regulation D at the time of investment in a Partnership, and his related Eligible Participants, will only be permitted to invest in such Partnership if he (a) has a graduate degree in business, law or accounting, (b) has a minimum of five years of consulting, investment banking or similar business experience, and (c) has had reportable income from all sources of at least $100,000 in each of the two most recent years and a reasonable expectation of income from all sources of at least $140,000 in each year in which such person will be committed to make investments in a Partnership. In addition, such a manager will not be permitted to invest in any year more than 10 percent of his income from all sources for the immediately preceding year in the aggregate in such Partnership and in all other Partnerships in which he has previously invested. Thus, managers who will be allowed to participate in the Partnership will have sufficient knowledge, sophistication and experience in business and financial matters to be capable of evaluating the risks of an investment in a Partnership and will be able to bear the economic risk of a complete loss of such investments.

8. The other employees of the Company Group included in the definition of ''Eligible Employees'' who will not satisfy the income requirements set forth in rule 501(a)(6) of Regulation D will be primarily responsible for the operation of the Partnerships not managed by an Unaffiliated Manager (as defined below). Such responsibility will

[1] Section 4(2) exempts transactions by an issuer not involving a public offering from the registration requirements of the Securities Act.

include, among other things, monitoring investments for such Partnerships, communicating with the limited partners of such Partnerships, day-to-day tax issues involving such Partnerships, maintaining the books and records of such Partnerships and, in the case of Subsequent Partnerships, evaluating investments for such Partnerships. Accordingly, they will be closely involved with and knowledgeable about the affairs and investments of such Partnerships. These employees may be permitted to invest if they had a reportable income from all sources in the calendar year immediately preceding their participation of at least $100,000 and have a reasonable expectation of income in the years in which such person will be required to invest in a Partnership of at least $100,000 per year. Furthermore, each of these employees has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in a Partnership, or the relevant Partnership shall reasonably believe immediately prior to making any sale that such employee comes within this description. These employees will not be permitted to invest in a Partnership managed by an Unaffiliated Manager.

9. The management and control of each Partnership, including all investment decisions, will be vested exclusively in the General Partner or General Partners of the Partnership. Each Partnership will have at least one General Partner which is a member of the Company Group and whose board of directors is exclusively comprised of Eligible Employees (a ''Company Controlled General Partner''). In the case of a Partnership having more than one General Partner, certain aspects of the management and control of the Partnership may be delegated to a managing general partner (''Managing General Partner'') which shall be a Company Controlled General Partner. If required under applicable law, a General Partner will be registered under the Investment Advisers Act of 1940. All investment and valuation decisions of each Partnership will be subject to the approval of the board of directors of its Company Controlled General Partner. The board of directors of the Company Controlled General Partner will also be required by Condition 1 below to make certain fairness and other determinations in connection with the section 17 relief requested.

10. CIGP, Inc., a Delaware corporation wholly-owned by an Eligible Employee, is a general partner of each Initial Partnership (the ''Equity General Partner''). GPI, Inc., a Massachusetts corporation which is a Company Controlled General Partner (''GPI''), is the Managing General Partner of each Initial Partnership. General Partners of Subsequent Partnerships may be (a) GPI or another Company Controlled General Partner, (b) one or more Eligible Participants or an entity controlled by one or more Eligible Participants or (c) one or more third party investment managers or advisers not affiliated with the Company Group (an ''Unaffiliated Manager''). Engagement of any Unaffiliated Manager by a Partnership will be subject to the approval of the board of directors of its Company Controlled General Partner.

11. Members of the Company Group and Eligible Employees who have an interest in a General Partner and their affiliates may also make direct investments in the Partnerships. Eligible Employees serving as directors of a Company Controlled General Partner and individuals managing the day-to-day affairs of the Partnerships may also invest as limited partners of such Partnership. Generally, no individual who serves on the board of directors of the Company Controlled General Partner or manages or is otherwise employed to perform the day-to-day affairs of the Partnership will be permitted to invest his or her own funds in connection with any Partnership investment, except as a limited partner or through the General Partner or other investment funds in which such individual is an investor, or through the exercise of stock options or warrants granted, on the same terms and amounts, to all outside directors of the entities in which such Partnership invests.

12. Instead of charging for office space or administrative services provided to the Partnerships by a member of the Company Group or by employees of the Company Group, the Company Group will not require reimbursement of administrative expenses from a partnership with respect to any partner who (or whose related Eligible Employee in the case of a partner which is an Eligible Trust) continues to be employed by the Company Group or who otherwise continues to add value to the Company Group and its operations. The Company Group has agreed that the amount of administrative expenses charged each year to any partner who (or whose related Eligible Employee) is no longer employed by the Company Group will not exceed 1 percent of such partner's total capital commitment to such Partnership. To the extent any expenses are not borne by the Company Group or an Unaffiliated Manager, the Partnerships will be required to pay such expenses.

13. Neither General Partner of the Initial Partnerships will charge a management fee. A General Partner of a Subsequent Partnership may be paid a management fee, generally determined as a percentage of assets under management or aggregate commitments. The General Partners of the Initial Partnerships will not be entitled to any performance-based fee or ''carried interest'' of a specified percentage based on the gains and losses of such Partnership. General Partners of Subsequent Partnerships may be entitled to a performance-based fee or ''carried interest''.[2] All or a portion of the ''carried interest'' may be paid to the individuals who are officers, employees or stockholders of a General Partner.

14. The general partner of the Initial Investment Funds, an affiliate of BCI, will be entitled to a ''carried interest'' on the gains of the Initial Investment Funds, and BCI, as the manager of the Initial Investment Funds, will be entitled to a management fee. A portion of the ''carried interest'' will be waived with respect to participants in Great Pond in exchange for agreements with the Company and Eligible Employees who participate in Great Pond to provide BCI with access to potential investment transactions that come to their attention. The Co-Investment Partnership, which will be available as an investment only for Eligible Participants who have invested in Great Pond, will be charged a management fee by BCI or be subject to a ''carried interest.''

15. The partnership agreements for Great Pond and the Co-Investment Partnership each require a limited partner to pay capital contributions in installments, with an initial installment of 10% and 1%, respectively, of his total capital subscription upon admission as a limited partner to such Partnership. Those agreements also each provide that if a limited partner fails to pay an installment when due after not less than 5 days prior written notice, the Managing General Partner may in its sole discretion, and in addition to exercising any other rights afforded by law or at equity, take any of a number of possible actions. For example, the Managing General Partner may require the defaulting limited partner to sell his Interest to another Eligible Participant who agrees to cure the default and assume the defaulting limited partner's

[2] Any ''carried interest'' charged by a General Partner that is registered under the Investment Advisers Act of 1940 will be structured to comply with section 205 of that Act.

other obligations to the Partnership for a price determined pursuant to the partnership agreement. The partnership agreement or other instruments governing Subsequent Partnerships may provide that capital contributions are payable in full upon admission as a limited partner or in installments as determined by the General Partner or Managing General Partner and may provide for the same or similar remedies as those exercisable by the Managing General Partner with respect to the Initial Partnerships for defaults in payments of installment contributions.

16. The partnership agreements of the Initial Partnerships provide that a partner's Interest is nontransferable, except that a limited partner may, with the consent of the Equity General Partner, transfer all or a portion of his Interest in such Partnership to another Eligible Participant. Under the partnership agreements for the Initial Partnerships, limited partners may not withdraw from such Partnership. The Managing General Partner believes that the prohibition on withdrawal is necessary for the protection of the Initial Partnerships and their Limited Partners. Subsequent Partnerships are expected to have substantially similar provisions.

17. The partnership agreements of the Initial Partnerships further provide that a departed employee (or his related Eligible Trust) will not be allowed to redeem his Interests or withdraw as a limited partner. Such a limited partner will continue as a limited partner of the Initial Partnerships and will be required to fund his (or its) capital subscriptions. Each Partnership will make investment commitments based on the commitments to such Partnership of its limited partners. If a limited partner were permitted to withdraw or redeem his Interest in the Partnership and cease making capital contributions, the Partnership still would be required to meet its obligations.

18. The governing instruments of a Subsequent Partnership may provide that the General Partner or Managing General Partner, or its designee, may acquire the Interest of a limited partner in such Partnerships once such limited partner (or related Eligible Employee in the case of a limited partner which is an Eligible Trust) leaves the employ of the Company Group. A partner who remains as a partner in a Subsequent Partnership after such termination may lose certain benefits in connection with investments by such Partnership that are provided for the benefit of employees of the Company Group, such as the waiver or reduction of administrative expenses or ''carried interest'' for such employees.

19. No Partnership will invest more than 15% of its assets in securities of registered investment companies (except for temporary money market fund investments). In addition, no Partnership will acquire securities of a registered investment company if immediately thereafter the Partnership will own more than 3% of that company's outstanding voting stock. There are no other limitations on the types or amounts of securities or other instruments in which the Partnerships may invest.

20. Each Partnership will keep books and accounts concerning all its business transactions and all moneys and other consideration received, advanced, paid out, or delivered on behalf of the Partnership, the Partnership's operating results, and each partner's capital. Each Partnership's books will be accessible to all its partners at all times, subject to certain reasonable limitations as to confidential information and other concerns. The General Partner or Managing General Partner will value or have a valuation made of all of the Partnership's assets as of the end of each fiscal year. Within a specified period after the end of each fiscal year, Partnership annual financial statements audited by a certified public accountant will be sent to each partner. In addition, within 90 days after the end of each fiscal year of the Partnership or as soon as practicable thereafter, a report will be sent to each person who was a partner providing information necessary to prepare federal and state income tax returns and a report of the Partnership's investment activities during such year.

Applicants' Legal Analysis

1. Section 6(b) of the Act provides that the SEC shall exempt employees' securities companies from the provisions of the Act to the extent that such exemption is consistent with the protection of investors. Section 2(a)(13) defines an employees' securities company, in relevant part, as any investment company all of whose outstanding securities are beneficially owned by the employees of a single employer or affiliated employers; by former employees of such employers; by members of the immediate family of such employees or former employees; or by such employer or employers together with members of any of the foregoing classes of persons.

2. Section 6(e) provides that in connection with any SEC order exempting an investment company from any provision of section 7, certain specified provisions of the Act shall be applicable to such company, and to other persons in their transactions and relations with such company, as though such company were registered under the Act, if the SEC deems it necessary or appropriate in the public interest or for the protection of investors.

3. Applicants request an order under sections 6(b) and 6(e) of the Act exempting the Partnerships from all provisions of the Act and the rules and regulations thereunder the Act, except section 9, sections 17 and 30 (except as described below), and sections 36 through 53 and the rules and regulations thereunder.

4. Section 17(a) provides, in relevant part, that it is unlawful for any affiliated person of a register investment company, acting as principal, knowingly to sell any security or other property to such company or to purchase from such company any security or other property. Applicants request an exemption from section 17(a) to permit: (a) a Partnership to purchase and dispose of interests in a company or other investment vehicle (other than in a member of the Company Group) which is an ''affiliated person'' of that Partnership or an ''affiliated person'' of such ''affiliated person'' (as such term is defined in the Act); (b) a member of the Company Group or entity under common control with the Company, acting as principal, to engage in any transaction directly or indirectly with any Partnership or any entity controlled by, or under common control with, such Partnership; (c) a Partnership to invest in or engage in any transaction with any entity, acting as principal (i) in which such Partnership, any company controlled by such Partnership or any entity within the Company Group or entity under common control with the Company has invested or will invest or (ii) with which such Partnership, any company controlled by such Partnership or any entity within the Company Group or under common control with the Company is or will otherwise become affiliated; and (d) a partner in any entity in which a Partnership invests, acting as a principal, to engage in transactions directly or indirectly with the related Partnership or any company controlled by such Partnership. The requested exemption from section 17(a) would permit, among other specific examples, the investment by Great Pond in the Initial Investment Funds and investment by a member of the Company Group temporarily on behalf of a Partnership under the various circumstances described previously.

5. The partners of the Partnerships will have been fully informed of the possible extent of the Partnerships' dealings with the Company Group and

its affiliates and will be able to evaluate any attendant risks. The community of interest among the partners and the Company Group is the best insurance against any risk of abuse in this regard. Accordingly, applicants believe that an exemption from section 17(a) is consistent with the policy and purpose of the Partnerships and the protection of investors. Applicants acknowledge that transactions otherwise subject to section 17(a) for which exemptive relief has not been requested would require specific approval by the SEC.

6. Section 17(d) makes it unlawful for any affiliated person of a registered investment company, acting as principal, to effect any transaction in which the company is a joint or joint and several participant with the affiliated person in contravention of such rules and regulations as the SEC may prescribe. Rule 17d–1 under section 17(d) prohibits most joint transactions unless approved by order of the SEC. Applicants request an exemption from section 17(d) and rule 17d–1 to permit affiliated persons of each Partnership or affiliated persons of any such persons to participate in, or effect any transaction in connection with, any joint enterprise or other joint arrangement or profit-sharing plan in which such Partnership or a company controlled by such Partnership is a participant. The exemption requested would permit, among other things, investment by Great Pond in the Initial Investment Funds in which affiliated persons of Great Pond or its affiliates may invest, co-investments by the Co-Investment Partnership and Initial Investment Funds, and co-investments by a Partnership and individual partners or other investors, members of the Company Group or employees, officers, directors, or an entity within the Company Group or under common control with the Company.

7. Compliance with section 17(d) would prevent the Initial Partnerships from achieving their respective principal purposes, which are to invest in the Initial Investment Funds and to provide a vehicle for Eligible Employees to co-invest with the Initial Investment Funds. Because of the number and sophistication of the potential partners and other investors in the Partnerships and the persons affiliated with such partners or investors, strict compliance with section 17(d) may cause the Partnerships to forego investment opportunities simply because a partner of, or investor in, such Partnership or other affiliated person of such Partnership (or any affiliated person of such a person) also had, or contemplated making, a similar investment. The requested exemption is also sought to ensure that a partner in a partnership or other investment vehicles in which a Partnership invests will not directly or indirectly become subject to a burden, restriction, or other adverse effect by virtue of the related Partnership's participation in an investment opportunity.

8. The concern that permitting joint investments by a Partnership, on the one hand, and affiliated persons of the Partnership (and affiliated persons of such persons), on the other hand, might lead to disadvantageous treatment of the Partnership should be mitigated by the fact that: (a) the Company will be acutely concerned with its relationship with the key employees who invest in the Partnerships; and (b) senior officers of the Company Group will be investing in such Partnerships. In addition, the transactions subject to either sections 17(a) or 17(d) to which any Partnership is a party will be effected only after the board of directors of the Company Controlled General Partner determines that the requirements of Condition 1 below have been satisfied.

9. Section 17(f) provides that the securities and similar investments of a registered management investment company must be placed in the custody of a bank, a member of a national securities exchange, or the company itself in accordance with SEC rules. The Partnerships will comply with rule 17f–2 in all respects except for the following requirements, as to which an exemption is requested: (i) compliance with paragraph (b) will be achieved through safekeeping in the locked files of a member of the Company Group or by a registered broker-dealer; (ii) for purposes of paragraph (d) of the rule, (A) employees of the Company Group are deemed employees of the Partnerships, (B) employees of the General Partner are deemed to be officers of the Partnerships, and (C) the General Partner, or Managing General Partner in the case of Partnership having more than one General Partner, is deemed to be the board of directors of a Partnership; and (iii) instead of the verification procedure under paragraph (f), verification will be effected quarterly by two employees of the Company. Many of the Partnerships' investments will be evidenced only by partnership agreements or similar documents, rather than by negotiable certificates which could be misappropriated. Such instruments are most suitably kept in the Company Group's files, where they can be referred to as necessary.

10. Section 17(g) and rule 17g–1 generally require the bonding of officers and employees of a registered investment company who have access to securities or funds of the company. Applicants request an exemption from section 17(g) to permit the Partnerships to comply with rule 17g–1 without the necessity of having a majority of the directors of a General Partner who are not ''interested persons'' take such action and make such approvals as required by the rule.

11. Section 17(j) and rule 17j–1 make it unlawful for certain enumerated persons to engage in fraudulent, deceitful, or manipulative practices in connection with the purchase or sale of a security held or to be acquired by an investment company. Rule 17j–1 also requires every registered investment company, its adviser, and its principal underwriter to adopt a written code of ethics with provisions reasonably designed to prevent fraudulent activities, and to institute procedures to prevent violations of the code. Applicants request an exemption from section 17(j) and rule 17j–1 (other than the antifraud provisions of paragraph (a) of rue 17j–1) because they are burdensome and unnecessary and because an exemption is consistent with the policy of the Act. Applicants believe that the community of interest among the partners of the Partnerships and the conditions set forth below in connection with the exemptions requested should provide adequate safeguards.

12. Sections 30(a), 30(b) and 30(d) of the Act, and the rules thereunder, generally require that registered investment companies prepare and file with the SEC and mail to their shareholders certain periodic reports and financial statements. The forms prescribed by the SEC for periodic reports have little relevance to a Partnership and would entail administrative and legal costs that outweigh any benefit to partners of the Partnerships. Applicants request an exemption from these provisions to the extent necessary to permit each Partnership to report annually to its partners in the manner described above. Because it is intended that the Partnerships will hold relatively few investments over long periods of time, which might require sophisticated and complex valuation, and because of the lack of trading or public market for Interests in the Partnerships, applicants believe the provision of annual, rather than semi-annual reports would be consistent with the policy and purpose of the Partnerships and the protection of investors.

13. Section 30(f) extends, in substance, the duties and liabilities imposed by section 16 of the Securities Exchange Act of 1934 (the ''Exchange

Act'') to any 10% shareholder, director, officer, member of an investment advisory board, investment adviser or affiliated person of any investment adviser of a registered closed-end investment company. Applicants request relief from section 30(f) to exempt each General Partner, members of the board of directors of any such General Partner, and any other persons who may be deemed members of an advisory board of a Partnership from filing reports under section 16 of the Exchange Act with respect to their ownership of Interests in such Partnership. There is no trading market for the Interests in the Partnerships and transferability of the Interests will be severely restricted. In view of the foregoing, the purpose intended to be served by section 16 is not readily apparent and applicants believe the filings are therefore unnecessary for the protection of investors and burdensome to those who would be required to file them.

Applicants' Conditions

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

1. Each proposed transaction otherwise prohibited by section 17(a) or section 17(d) of the Act and rule 17d–1 thereunder (the ''Section 17 Transaction'') will be effected only if the board of directors of the Company Controlled General Partner determines that: (a) the terms of the transaction, including the consideration to be paid or received, are fair and reasonable to the partners and do not involve overreaching of the Partnership or its partners on the part of any person concerned; and (b) the transaction is consistent with the interests of the partners and the Partnership's organizational documents, and the Partnership's reports to its partners. In addition, the board of directors of the Company Controlled General Partner will record and preserve a description of such affiliated transactions, their findings, the information or materials upon which their findings are based and the basis therefor. All such records will be maintained for the life of the Partnerships and at least two years thereafter, and will be subject to examination by the SEC and its staff. Each Partnership will preserve the accounts, books and other documents required to be maintained by the order in an easily accessible place for the first two years.

2. In connection with the Section 17 Transactions, the board of directors of the Company Controlled General Partner will adopt, and periodically review and update, procedures designed to ensure that reasonable inquiry is made, prior to the consummation of any such transaction, with respect to the possible involvement in the transaction of any affiliated person or promoter of or principal underwriter for the Partnerships, or any affiliated person of such a person, promoter, or principal underwriter.

3. A General Partner will not invest the funds of any Partnership in any investment in which an ''Affiliated Co-Investor,'' as defined below, has or proposes to acquire the same class of securities of the same issuer, where the investment involves a joint enterprise or other joint arrangement within the meaning of rule 17d–1 in which the Partnership and an Affiliated Co-Investor are participants, unless any such Affiliated Co-Investor, prior to disposing of all or part of its investment, (a) gives such General partner sufficient, but not less than one day's, notice of its intent to dispose of its investment, and (b) refrains from disposing of its investment unless the Partnership has the opportunity to dispose of the Partnership's investment prior to or concurrently with, on generally the same terms as, and *pro rata* with the Affiliated Co-Investor. The term ''Affiliated Co-Investor'' means the Company, and any person who is (1) an ''affiliated person'' (as such term is defined in the Act) of the Partnership, or controlled by a member of the Company Group (which persons shall not include any parties who may be ''affiliated persons'' of the Partnership solely because they have co-invested in an investment vehicle or joint enterprise, where neither the Partnership nor any member of the Company Group exercises control over such persons); (2) a member of the Company Group, or other entity controlled by a member of the Company Group; (3) an officer or director of a member of the Company Group; or (4) any entity with respect to which a General Partner of such Partnership or another member of the Company Group acts as a general partner or in a similar capacity or has a similar capacity to control the sale or other disposition of such entity's securities. The restrictions contained in this condition, however, shall not be deemed to limit or prevent the disposition of an investment by an Affiliated Co-Investor: (a) to its direct or indirect wholly-owned subsidiary, to any company (a ''parent'') of which the Affiliated Co-Investor is a direct or indirect wholly-owned subsidiary, or to direct or indirect wholly-owned subsidiary of its parent; (b) to immediate family members of the Affiliated Co-Investor or a trust established for any Affiliated Co-Investor or any such family member; (c) when the investment is comprised of securities that are listed on any exchange registered as a national securities exchange under section 6 of the Exchange Act; or (d) when the investment is comprised of securities that are national market system securities pursuant to section 11A(a)(2) of the Exchange Act and rule 11a2–2(T) thereunder.

4. Each Partnership and its General Partner will maintain and preserve, for the life of each such Partnership and at least two years thereafter, such accounts, books, and other documents as constitute the record forming the basis for the financial statements that are to be provided to the partners, and each annual report of such Partnership required by the terms of the applicable partnership agreement to be sent to the partners, and agree that all such records will be subject to examination by the SEC and its staff.

5. In any case where purchases or sales are made from or to an entity affiliated with a Partnership by reason of a 5% or more investment in such entity by a director, officer, or employee of a member of the Company Group or any of its affiliates, such individual will not participate in the applicable General Partner's determination of whether or not to effect such purchase or sale.

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

Jonathan G. Katz,

Secretary.

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[Release No. 34–37500; File No. SR–CBOE–96–45]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Incorporated Relating to Disciplinary Hearing Procedures and Publication of Disciplinary Decisions

July 30, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''), 15 U.S.C. § 78s(b)(1), notice is hereby given that on July 10, 1996,[1] the Chicago Board Options Exchange,

[1] On July 25, 1996 the Exchange filed Amendment No. 1 to the proposed rule change. Amendment No. 1 is a technical amendment clarifying the language of amended Rule 17.6(b) to include situations where there are more than two parties to a hearing. *See* letter from Arthur B. Reinstein, Senior Attorney, Chicago Board Options Exchange to Ethan Corey, Special Counsel, Division of Market Regulation, Commission (July 25, 1996).