

case of commercial paper or tax-exempt securities, if as a result of a credit downgrading or otherwise, the Investment no longer satisfies the investment criteria of all Portfolios participating in that Investment; or (c) in the case of a repurchase agreement, if the counterparty defaults. A Portfolio may, however, sell its fractional portion of an Investment in a Joint Account prior to the maturity of the Investment in such Joint Account if the cost of such transaction will be borne solely by the selling Portfolio and the transaction would not adversely affect the other Portfolios participating in that Joint Account. In no case would an early termination be less than all participating Portfolios be permitted if it would reduce the principal amount or yield received by other Portfolios participating in a particular Joint Account or otherwise adversely affect the other participating Portfolios. Each Portfolio participating in such Joint Account will be deemed to have consented to such sale and partition of the Investment in such Joint Account.

13. Any Investment held through a Joint Account with a remaining maturity of more than seven days will be considered illiquid and, for any Portfolio that is an open-end management investment company registered under the Act, subject to the restriction that the Portfolio may not invest more than 15% (or such other percentage as set forth by the SEC from time to time) of its net assets in illiquid securities, if the Portfolio cannot sell its fractional interest in the Investment in such Joint Account pursuant to the requirements described in the preceding condition.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-3574 Filed 2-15-96; 8:45 am]

BILLING CODE 8010-01-M

[Rel. No. IC-21740; International Series Release No. 933; File No. 812-9792]

Banco Santander, S.A.; Notice of Application

February 12, 1996.

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

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

APPLICANT: Banco Santander, S.A. (the "Bank").

RELEVANT ACT SECTIONS: Order requested under section 6(c) of the Act that would exempt applicant from section 17(f) of the Act.

SUMMARY OF APPLICATION: Applicant requests an order to permit Banco Santander de Negocios Mexico, S.A. ("BSNM") to act as custodian for investment company assets in Mexico, Banco Santander S.A. ("BSA") to act as custodian for investment company assets in Argentina, and Banco Santander de Negocios Portugal, S.A. ("BSNP") (collectively, the "Foreign Subsidiaries") to act as custodian for investment company assets in Portugal.

FILED DATE: The application was filed on October 3, 1995 and amended on January 19, 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 applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on March 8, 1996 and should be accompanied by proof of service on the applicant, 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 may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, NW., Washington, DC 20549. Applicant, Paseo de la Castellana, 24, 28406 Madrid, Spain; c/o Nora M. Jordan, Davis Polk & Wardell, 450 Lexington Avenue, New York, New York 10017.

FOR FURTHER INFORMATION CONTACT: David W. Grim, Staff Attorney, at (202) 942-0571, 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 from the SEC's Public Reference Branch.

Applicant's Representations

1. The Bank is a full-service commercial bank organized under the laws of Spain and regulated in that country by the Bank of Spain. The Bank, together with its subsidiaries and associated companies (the "Group"), is engaged in a wide range of banking, financial, and related activities in Spain and has offices or subsidiaries in 30

other countries. The Group was, as of December 31, 1994, the largest commercial banking group in Spain in terms of total assets. As of December 31, 1994, the Bank had shareholders' equity of Ptas. 437.7 billion (U.S. \$3.6 billion, based on the then current exchange rate), and the Group had shareholders' equity of Ptas. 519.9 billion (U.S. \$4.0 billion, based on the then current exchange rate).

2. BSNM, BSA, and BSNP are wholly-owned indirect subsidiaries of the Bank. BSNM is incorporated and organized under the laws of Mexico and is regulated as a banking institution by Comisión Nacional Bancaria, which is the agency of the government of Mexico responsible for the regulation of banks. BSA is incorporated and organized under the laws of Argentina and is regulated as a banking institution by Banco Central de la Republica Argentina, which is the agency of the government of Argentina responsible for the regulation of banks. BSNP is incorporated and organized under the laws of Portugal and is regulated as a banking institution by Banco de Portugal, which is the agency of the government of Portugal responsible for the regulation of banks.

3. The Bank requests an order to permit the Bank, any investment company registered under the Act, other than those registered under section 7(d) of the Act ("U.S. Investment Companies"), and any custodian for a U.S. Investment Company, to maintain "Foreign Securities," as defined below, cash, and cash equivalents (collectively, "Securities") in the custody of BSNM, BSA, and BSNP as delegates for the Bank in Mexico, Argentina, and Portugal, respectively. As used herein, "Foreign Securities" includes (a) securities issued and sold primarily outside the United States by a foreign government, a national of any foreign country, or a corporation or other organization incorporated or organized under the laws of any foreign country; and (b) securities issued or guaranteed by the government of the United States or by any state or any political subdivision thereof or by any agency thereof or by any entity organized under the laws of the United States or any state thereof which have been issued and sold primarily outside the United States.

Applicant's Legal Analysis

1. Section 17(f) of the Act requires every registered management investment company to place and maintain its securities and similar investments in the custody of certain enumerated entities, including a bank

having at all times aggregate capital, surplus, and undivided profits of at least \$500,000. A "bank," as that term is defined in section 2(a)(5) of the Act, includes: (a) A banking institution organized under the laws of the United States; (b) a member bank of the Federal Reserve System; and (c) any other banking institution or trust company doing business under the laws of any state or of the United States, a substantial portion of the business of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to national banks, and which is supervised or examined by state or federal authority having supervision over banks.

2. The only entities located outside the United States that section 17(f) authorizes to serve as custodians for registered management investment companies are the overseas branches of qualified U.S. banks. Rule 17f-5 expands the group of entities that are permitted to serve as foreign custodians. Rule 17f-5(c)(2)(i) defines the term "Eligible Foreign Custodian" to include a banking institution or trust company, incorporated or organized under the laws of a country other than the United States, that is regulated as such by that country's government or an agency thereof and that has shareholders' equity in excess of U.S. \$200 million or its equivalent.

3. The Bank qualifies as an Eligible Foreign Custodian under rule 17f-5. BSNM, BSA, and BSNP each satisfy the requirements of rule 17f-5 insofar as each is a banking institution or trust company incorporated or organized under the laws of a country other than the United States and is regulated as such by such country's government or an agency thereof. The Foreign Subsidiaries, however, do not meet the minimum shareholders' equity requirement of the rule. Accordingly, the Foreign Subsidiaries are not Eligible Foreign Custodians under the rule and, absent exemptive relief, could not serve as custodians for the Securities of U.S. Investment Companies.

4. Section 6(c) provides, in relevant part, that the SEC, by order, may exempt any person from any provision of the Act or from any rule thereunder, if such exemption is necessary or appropriate in the public interest, consistent with the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act. The Bank believes that its request satisfies this standard.

Applicant's Conditions

Applicant agrees that any order granting the requested relief shall be subject to the following conditions:

1. The foreign custody arrangements proposed with respect to BSNM, BSA, and BSNP will satisfy the requirements of rule 17f-5 in all respects, other than with regard to BSNM's, BSA's, or BSNP's level of shareholders' equity.

2. Securities of a U.S. Investment Company in Mexico, Argentina, or Portugal, as the case may be, will be maintained in the custody of BSNM, BSA, or BSNP, respectively, only in accordance with an agreement (the "Agreement"), required to remain in effect at all times during which the Foreign Subsidiaries fail to satisfy the requirements of rule 17f-5 relating to minimum shareholders' equity. Each Agreement will be a three-party contract among the Bank, the Foreign Subsidiary, and the U.S. Investment Company or custodian for the U.S. Investment Company pursuant to which the Bank would undertake to provide specified custodial or sub-custodial services for the U.S. Investment Company or custodian for such company and would delegate to the Foreign Subsidiary such of the Bank's duties and obligations as would be necessary to permit BSNM, BSA, or BSNP, as the case may be, to hold in custody the securities of the U.S. Investment Company or custodian in Mexico, Argentina, and Portugal, respectively. The Agreement would further provide that the Bank's delegation of duties to the Foreign Subsidiary would not relieve the Bank of any responsibility to the U.S. Investment Company or custodian for such company for any loss due to such delegation except such loss as may result from (i) political risk (e.g., exchange control restrictions, confiscation, expropriation, nationalization, insurrection, civil strife, or armed hostility) and (ii) other risks of loss (excluding bankruptcy or insolvency of the Foreign Subsidiary) for which neither the Bank nor the Foreign Subsidiary would be liable under rule 17f-5 (e.g., despite the exercise of reasonable care, loss due to Acts of God, nuclear incident and the like).

3. The Bank currently satisfies and will continue to satisfy the minimum shareholders' equity requirement set forth in rule 17f-5(c)(2)(i).

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-3572 Filed 2-15-96; 8:45 am]

BILLING CODE 8010-01-M

[Investment Company Act Release No. 21743; 811-8040]

TCW/DW North American Intermediate Income Trust; Notice of Application

February 12, 1996.

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

ACTION: Notice of Application for Deregistration under the Investment Company Act of 1940 (the "Act").

APPLICANT: TCW/DW North American Intermediate Income Trust.

RELEVANT ACT SECTION: Section 8(f).

SUMMARY OF APPLICATION: Applicant requests an order declaring that it has ceased to be an investment company.

FILING DATE: The application was filed on January 11, 1996 and amended on February 7, 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 applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on March 8, 1996, and should be accompanied by proof of service on the applicant, 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 may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street NW., Washington, DC 20549. Applicant, Two World Trade Center, New York, New York 10048.

FOR FURTHER INFORMATION CONTACT: Diane L. Titus, Paralegal Specialist, at (202) 942-0584, or Alison E. Baur, 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 from the SEC's Public Reference Branch.