

2. Section 17(b) of the Act provides that, notwithstanding section 17(a) of the Act, the Commission shall exempt a proposed transaction from section 17(a) if evidence establishes that: (a) the terms of the proposed transaction are reasonable and fair and do not involve overreaching; (b) the proposed transaction is consistent with the policy of each registered investment company involved; and (c) the proposed transaction is consistent with the general purposes of the Act.

3. Section 6(c) of the Act provides that the Commission may exempt any person, security or transaction, or any class or classes of persons, securities or transactions, from the provisions of the Act, to the extent that such 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.

4. Applicant requests an order under sections 6(c) and 17(b) of the Act to permit Affiliated Shareholders to redeem their shares in-kind. The requested order would not apply to redemptions by shareholders who are affiliated persons of the Fund within the meaning of sections 2(a)(3)(B) through (F) of the Act.

5. Applicant submits that the terms of the proposed in-kind redemptions by Affiliated Shareholders meet the standards set forth in sections 6(c) and 17(b) of the Act. Applicant asserts that neither the Manager nor an Affiliated Shareholders will have any choice as to the type of consideration to be received in connection with a redemption request, and neither the Manager nor the Affiliated Shareholder will have any opportunity to select the specific portfolio securities to be distributed. Applicant further states that the portfolio securities to be distributed in the proposed in-kind redemptions will be valued according to an objective, verifiable standard and the in-kind redemptions are consistent with the investment policies of the Fund. Applicant also states that the proposed in-kind redemptions are consistent with the general purposes of the Act because the Affiliated Shareholders would not receive any advantage not available to other redeeming shareholders.

Applicant's Conditions

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

1. The securities distributed to Affiliated Shareholders and non-Affiliated Shareholders pursuant to a redemption in-kind (the "In-Kind Securities") will be limited to securities

that are traded on a public securities market or for which quoted bid and asked prices are available.

2. The In-Kind Securities will be distributed on a *pro rata* basis after excluding: (a) securities which, if distributed, would be required to be registered under the Securities Act of 1933; (b) securities issued by entities in countries which restrict or prohibit the holdings of securities by non-nationals other than through qualified investment vehicles; and (c) certain portfolio assets (such as forward foreign currency exchange contracts, futures and options contracts, and repurchase agreements) that, although they may be liquid and marketable, involve the assumption of contractual obligations, require special trading facilities or can only be traded with the counterparty to the transaction in order to effect a change in beneficial ownership. Cash will be paid for that portion of the Fund's assets represented by cash equivalents (such as certificates of deposits, commercial paper and repurchase agreements) and other assets which are not readily distributable (including receivables and prepaid expenses), net of all liabilities (including accounts payable). In addition, cash will be distributed in lieu of portfolio securities not amounting to round lots (e.g., 100 shares) (or which would not amount to round lots if included in the in-kind distribution), or fractional shares and accruals on such securities.

3. The Board, including a majority of the Disinterested Directors, will determine no less frequently than annually: (a) whether the In-Kind Securities, if any, have been distributed in accordance with conditions 1 and 2 above; (b) whether the In-Kind Securities, if any, have been valued in accordance with condition 5 below; and (c) whether the distribution of any In-Kind Securities is consistent with the policies of the Fund as reflected in its prospectus. In addition, the Board shall make and approve such changes as it deems necessary in its procedures for monitoring compliance by the applicant with the terms and conditions of the application.

4. The Fund will maintain and preserve for a period of not less than six years from the end of the fiscal year in which any redemption in-kind to an Affiliated Shareholder occurred, the first two years in an easily accessible place, a written record of each such redemption setting forth the terms of the distribution and the information or materials upon which the valuation was made.

5. The In-Kind Securities will be valued in the same manner as they

would be valued for the purposes of computing the Fund's net asset value per share, which, in the case of securities traded as a public securities market for which quotations are available, is their last reported sales price on the exchange on which the securities are primarily traded or at the last sales price on the national securities market, or, if the securities are not listed on an exchange or the national securities market or if there is no such reported price, the average of the most recent bid and asked price (or, if no such asked price is available, the last quoted bid price).

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41651]

Order Cancelling Registration of Certain Transfer Agents

July 26, 1999.

On May 21, 1999, notice was published in the **Federal Register** that the Securities and Exchange Commission ("Commission") intended to issue an order, pursuant to Section 17a(c)(4)(B) of the Securities Exchange Act of 1934 (Exchange Act),¹ cancelling the registrations of the transfer agents whose names appear in the Appendix attached to this Order.² For the reasons discussed below, the Commission is cancelling the registration of each of the transfer agents identified in the attached Appendix.

FOR FURTHER INFORMATION CONTACT: Jerry W. Carpenter, Assistant Director, or Gregory J. Dumark, Staff Attorney, at 202/942-4187, Division of Market Regulation, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549-1001.

Background and Discussion

Section 17A(c)(4)(B) of the Exchange Act provides that if the Commission finds that any transfer agent registered with the Commission is no longer in existence or has ceased to do business as a transfer agent, the Commission shall by order cancel that transfer agent's registration. On May 12, 1999, the Commission issued a Notice of

¹ 15 U.S.C. 78q-1(c)(4)(B).

² Securities Exchange Act Release No. 34-41391 (May 12, 1999), 64 FR 27840 (May 21, 1999).

Intention to Cancel Registrations of Certain Transfer Agents which identified 14 transfer agents that the Commission believed were no longer in existence or had ceased doing business as transfer agents. The Notice stated that at any time after June 20, 1999, which was 30 days after the Notice was published in the **Federal Register**, the Commission intended to issue an order cancelling the registrations of any or all of the identified transfer agents. None of the 14 identified transfer agents have contacted the Commission to object to the cancellation of its registration.

Accordingly, the Commission is cancelling the registration of each of the identified 14 transfer agents.

Order

On the basis of the foregoing, the Commission finds that each of the transfer agents whose name appears in the attached Appendix either is no longer in existence or has ceased doing business as a transfer agent.

It is therefore ordered, pursuant to section 17A(c)(4)(B) of the Exchange Act, that the registration of each of the transfer agents whose name appears in the attached Appendix be and hereby is canceled.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.³

Margaret H. McFarland,
Deputy Secretary.

APPENDIX

Registration No.	Name
84-1758 ...	Corporate Strategic Services, Inc.

APPENDIX—Continued

Registration No.	Name
84-1997 ...	DC Trading & Development Corp.
84-5406 ...	First Federal Savings Bank Bryan, Texas.
84-1945 ...	Hawthorne Shareholder Services, Inc.
84-5553 ...	The Herman Group, Inc.
84-5522 ...	Keller Financial Services, Inc.
84-1766 ...	Kinlaw Energy Partners Corp.
84-5615 ...	NRG Incorporated.
84-5560 ...	Partnership Services, Inc.
84-0047 ...	Penn Square Management Corporation.
84-5412 ...	Schuster, Jill Lauren.
84-998 ...	Silver Crescent, Inc.
84-5614 ...	Wisconsin Real Estate Investment Trust.
84-1566 ...	Yreka United, Inc.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41650; File No. SR-CBOE-99-36]

Self-Regulatory Organizations; Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Inc. Relating to the Market-Maker Surcharge Fee Schedule

July 26, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and rule 19b-4 thereunder,² notice is hereby given that on July 2, 1999, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange")

filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the CBOE. 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 CBOE is proposing to make changes to its fee schedule pursuant to CBOE Rule 2.40, *Market-Maker Surcharge for Brokerage*.³

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

In its filing with the Commission, the CBOE 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. The CBOE has prepared summaries, set forth in Sections A, B, and C below, the most significant aspects of such statements.

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

1. Purpose

Pursuant to CBOE Rule 240, the Equity Floor Procedure Committee ("Committee") approved the following fees for the following option classes:

Option class	Market-maker surcharge (per contract)	Order book official brokerage rate (per contract) ⁴
E*Trade Group (QGR)	\$0.20	\$0.00
Priceline.com Inc.	0.10	0.00

The fee for Priceline.com will be effective as of July 8, 1999, and the fee for E*Trade Group will be effective on July 1, 1999. All of the fees will remain in effect until such time as the Committee or the Board determines to change these fees and files the appropriate rule change with the Commission.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b)(4)⁵ of the Act because it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

³ 17 CFR 200.30-3(a)(22).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 41121 (February 26, 1999), 64 FR 11523 (March 9, 1999) (order approving CBOE Rule 240).

⁴ The surcharge will be used to reimburse the Exchange for the reduction in the Order Book Official brokerage rate from \$0.20 in the relevant

option classes. Any remaining funds will be paid to Stationary Floor Brokers as provided in Exchange Rule 2.40.

⁵ 15 U.S.C. 78f(b)(4).