

request approval for a series of related transactions.

First, Natural Fuels proposes to redeem the 16.37% interest in its outstanding common stock that is held by CIC through a distribution of certain unappreciated property (e.g., inventory assets, accounts receivable, etc.). Natural Fuels then proposes to organize and acquire the securities of two newly organized limited liability companies—Natural Fuels LLC (“NATCO”) and Natural Station Equipment LLC (“STATCO”)—by contributing its remaining assets, which includes its membership interest in Natural/Total and Natural/Peoples. Natural Fuels seeks authorization to distribute the membership interest in STATCO to Enterprises, which will continue to hold such interest indefinitely. Enterprises then proposes to transfer 100% of the common stock of Natural Fuels to PSCo by means of a declaration of a dividend of the shares of Natural Fuels to NCE, followed by a capital contribution of such shares by NCE to PSCo. As a result, Natural Fuels would become a wholly owned subsidiary of PSCo. In addition, PSCo proposes to organize and acquire a new subsidiary (“New Natural Fuels”), which will be a single-member limited liability company. Lastly, Natural Fuels proposes to merge Natural Fuels into New Natural Fuels.

As a result of these interrelated transactions, PSCo will then own, directly and indirectly through New Natural Fuels, all of the compressed natural gas services business of Natural Fuels, consisting of the existing refueling station operations in Colorado and Wyoming and vehicle conversion operations. The assets and business associated with Natural Fuels’ station equipment business will remain with Enterprises.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99–29651 Filed 11–12–99; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 24126; 812–11354]

Prudential Investments Fund Management LLC, et al.; Notice of Application

November 5, 1999.

AGENCY: Securities and Exchange Commission (“Commission”).

ACTION: Notice of an application for an order under section 12(d)(1)(J) of the Investment Company Act of 1940 (the “Act”) for an exemption from sections 12(d)(1)(A) and (B) of the Act, under sections 6(c) and 17(b) of the Act for an exemption from section 17(a) of the Act, and under section 17(d) of the Act and rule 17d–1 under the Act of permit certain joint transactions.

Summary of Application

Applicants request an order to permit: (i) Certain registered investment companies to lend their portfolio securities to affiliated broker-dealers; (ii) an affiliated lending agent to receive a fee based upon a share of the proceeds derived by the registered investment companies from their securities lending activities; (iii) the registered investment companies and certain affiliated institutional accounts to deposit cash collateral received in connection with their securities lending activities and uninvested cash into certain other registered investment companies; and (iv) certain transactions between the registered investment companies.

Applicants: Prudential Balanced Fund, Prudential California Municipal Fund, Prudential Developing Markets Fund, Prudential Distressed Securities Fund, Inc., Prudential Diversified Bond Fund, Inc., Prudential Diversified Funds, Prudential Emerging Growth Fund, Inc., Prudential Equity Fund, Inc., Prudential Equity Income Fund, Prudential Europe Growth Fund, Inc., Prudential Global Genesis Fund, Inc., Prudential’s Gibraltar Fund, Inc., Prudential Global Limited Maturity Fund, Inc., Prudential Global Total Return Fund, Inc., Prudential Government Prudential High Yield Total Return Fund, Inc., Prudential Index Series Fund, Prudential Intermediate Global Income Fund, Inc., Prudential International Bond Fund, Inc., The Prudential Investments Portfolios Fund, Inc., Prudential Mid-Cap Value Fund, Prudential Municipal Bond Fund, Prudential Natural Resources Fund, Inc., Prudential Pacific Growth Fund, Inc., Prudential Real Estate Securities Fund, Prudential Sector Funds, Inc., Prudential Series Fund, Inc., Prudential Small-Cap Quantum Fund, Inc., Prudential Small Company Value Fund, Inc., Prudential Structured Maturity Fund, Inc., Prudential Tax-Free Money Fund, Inc., Prudential Tax-Managed Equity Fund, Prudential 20/20 Focus Fund, Prudential World Fund, Inc. (collectively, the “Prudential Public Funds”); Prudential Core Investment Fund (“Prudential Private Fund”), Cash

Accumulation Trust, COMMAND Government Fund, COMMAND Money Fund, COMMAND Tax-Free Fund, Prudential Government Securities Trust, Prudential Institutional Liquidity Portfolio, Inc., Prudential MoneyMart Assets, Inc., Prudential Municipal Series Fund, Prudential National Municipals Fund, Inc., Prudential Special Money Market Fund, Inc., and Prudential Tax-Free Money Fund, Inc. (collectively, the “Investment Funds” and together with the Public funds, and the Prudential Separate Accounts defined below, the “Prudential Funds”); The Prudential Variable Contract Account-2, The Prudential Variable Contract Account-10, and The Prudential Variable Contract Account-11 (collectively, the “Prudential Separate Accounts”). Prudential Investments Fund Management LLC (the “Manager”), the Prudential Investment Corporation (“Prudential Investments”), the Prudential Insurance Company of America (“Prudential” and together with the Manager and Prudential Investments, the “Adviser”), Prudential Investment Management Services LLC (the “Distributor”), and Prudential Securities Incorporated (“PSI”).

Filing Dates

The application was filed on September 24, 1998. Applicants have agreed to file an amendment during the notice period, the substance of which is reflected in this notice.

Hearing or Notification of Hearing

An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission’s Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on November 30, 1999, and should be accomplished by proof of service on applicants, in 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 Commission’s Secretary.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549–0609. Applicants, Gateway Center Three, 100 Mulberry Street, Newark, New Jersey 07102–4077.

FOR FURTHER INFORMATION CONTACT: Kathleen L. Knisely, Staff Attorney, at (202) 942–0517, or George J. Zornada,

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 Commission's Public Reference Branch, 450 Fifth Street, NW, Washington, DC 20549-0102. (tel. 202-942-8090).

Applicants' Representations

1. The Prudential Funds are registered under the Act as management investment companies. All of the Prudential Funds, except the High-Yield Income Fund, Inc. which is a closed-end investment company, are open-end investment companies. The Prudential Private Fund does not have its shares registered under the Securities Act of 1933. Certain Investment Funds, including the Prudential Private Fund, are money market funds that comply with rule 2a-7 under the Act ("Prudential Money Market Funds"). The other Investment Funds are short-term bond funds with portfolio maturities of three years or less.

2. The Manager is registered under the Investment Advisers Act of 1940 ("Advisers Act") and serves as the investment adviser to the Prudential Funds. Prudential Investments is registered under the Advisers Act and serves as sub-adviser to certain of the Prudential Funds. The Distributor is a broker-dealer registered under the Securities Exchange Act of 1934 ("Securities Exchange Act") and serves as principal underwriter to the Prudential Funds. The Manager and Prudential Investments are wholly-owned subsidiaries of Prudential. Prudential is registered under the Advisers Act and manages the Prudential Separate Accounts. The Distributor is a limited liability company whose sole member is Prudential. PSI, a wholly-owned subsidiary of Prudential, is a broker-dealer registered under the Securities Exchange Act.

3. Prudential and Prudential Investments also advise certain institutional accounts ("Institutional Accounts"). The Institutional Accounts include qualified employee benefit plans, trusts, corporate cash accounts, offshore investment companies, foundations, Taft-Hartley Plans, endowments, and bank collective investment trusts. Certain of the Institutional Accounts are exempted from the definition of an investment company by sections 3(c)(1) and 3(c)(11) of the Act. Future Institutional Accounts may be excepted from the definition of

an investment company by section 3(c)(7) of the Act.

4. Applicants also request that the relief sought apply to (i) any future registered management investment company, or registered open-end management investment company, that is a separate account, that is advised by the Advisers, or an entity controlling, controlled by, or under common control with the Adviser; (ii) any other broker-dealer registered under the Securities Exchange Act that may be controlling, controlled by, or under common control with the Distributor ("Affiliated Broker-Dealers"); (iii) an entity controlling, controlled by, or under common control with Prudential that serves as lending agent to the Lending Funds and; (iv) any future Institutional Account advised by the Advisers or an entity controlling, controlled by, or under common control with the Advisers.¹

5. The Prudential Funds and the Institutional Accounts may have uninvested cash ("Uninvested Cash"). Uninvested Cash includes dividends or interest received from portfolio securities, cash received through dollar rolls, reserves held for investment strategy purposes, scheduled maturity of investments, liquidation of investment securities to meet anticipated redemptions and dividend payments, and new monies received from investors. Currently, the Prudential Funds can invest Uninvested Cash into a joint account² or the Prudential Funds and the Institutional Accounts can invest Uninvested Cash directly in money market instruments.

6. The Prudential Funds, with the exception of the Prudential Money Market Funds (collectively, the "Lending Funds"), also propose to lend their portfolio securities to the Affiliated Broker-Dealers and other borrowers ("Borrowers"). Prudential securities lending group, an operating unit within Prudential whose employees consist of employees of PSI and other direct and indirect subsidiaries of Prudential ("Prudential Securities Lending Group"), proposes to act as lending agency for the Lending Funds.³

¹ All existing entities that currently intend to rely on the order are named as applicants. Any existing or future entity that relies on the order in the future will do so only in accordance with the terms and conditions of the application.

² See *The Prudential Insurance Company of America*, Investment Company Act Release Nos. 17647 (Aug. 3, 1990) (notice) and 17719 (Aug. 30, 1990) (order); *Prudential-Bache Adjustable Rate Preferred Stock Fund, Inc.*, Investment Company Act Release Nos. 16279 (Feb. 18, 1988) (notice) and 16321 (Mar. 17, 1988) (order).

³ Applicants state that the personnel who will provide day-to-day lending agency services to the Lending Funds do not and will not provide

7. Prudential Securities Lending Group, among other things, will be responsible for soliciting Borrowers from a list of pre-approved eligible Borrowers, entering into loans of preapproved securities with the Borrowers on pre-approved terms, negotiate the loans, and perform other administrative functions in connection with the securities lending program. Prudential Securities Lending Group's duties will be restricted to those described in *Norwest Bank Minnesota, N.A.* (pub. avail. May 25, 1995). Prudential Investments, a sub-adviser to the Lending Funds, will be responsible for investing all cash collateral received in respect of the securities loans.⁴

8. When a securities loan is collateralized by cash, the cash collateral is invested during the loan period. After paying the Borrower an agreed upon fee or "rebate" from the return on the cash collateral, the Lending Fund will retain the remainder, which will be shared with the securities lending agent. In the case of collateral other than cash, the Lending Fund will receive a lending fee paid by the Borrower, which will be shared with the securities lending agent.

9. Applicants seek an order to permit (i) Prudential Securities Lending Group to serve as lending agent for the Lending Funds and to accept fees based on a share of the proceeds derived by the Lending Funds from their securities lending activities; (ii) the Lending Funds to lend portfolio securities to Affiliated Broker-Dealers; (iii) the Lending Funds and the Institutional Accounts to invest cash collateral received in connection with their securities lending activities ("Cash Collateral") and the Prudential Funds and Institutional Accounts to invest Uninvested Cash into the Investment Funds, and (iv) the Prudential Funds to engage in certain interfund transaction.

Applicants' Legal Analysis

A. Lending Agent Fees

1. Section 17(d) of the Act and rule 17d-1 under the Act prohibit any affiliated person of or principal underwriter for a registered investment company or any affiliated person of such person or principal underwriter, acting as principal, from effecting any

investment advisory services to the Lending Funds, or participate in any way in the selection of the portfolio securities or other aspects of the management of the Lending Funds.

⁴ Any Lending Fund for which Prudential Investments does not currently serve as a Sub-Adviser will not participate in the securities lending program until a subadvisory agreement with Prudential Investments has been approved in accordance with the Act.

transaction in connection with any joint enterprise or other joint arrangement or profit sharing plan in which the investment company participates. Rule 17d-1 permits the Commission to approve a proposed joint transaction covered by the terms of section 17(d). In determining whether to approve a transaction, the Commission is to consider whether the proposed transaction is consistent with the provisions, policies, and purposes of the Act, and the extent to which the participation of the investment companies is on a basis different from or less advantageous than that of the other participants.

2. Section 2(a)(3) of the Act defines an affiliated person to include any person directly or indirectly controlling, controlled by, or under common control with, the other person, and if the other person is an investment company, its investment adviser. The Advisers, as investment advisers or sub-advisers to the Lending Funds, are affiliated persons of the Lending Funds. In addition, as wholly-owned subsidiaries of Prudential, they may be deemed to be under common control, and therefore affiliated persons. Accordingly, applicants request an order under section 17(d) and 17d-1 under the Act to permit each Lending Fund to pay and Prudential Securities Lending Group to accept lending agent fees that are based on a share of the proceeds derived by the Lending Funds from the loans of portfolio securities.

3. Applicants propose that each Lending Fund adopt the following procedures to ensure that the proposed fee arrangement and the other terms governing the relationship with the Prudential Securities Lending Group meet the requirements of rule 17d-1:

(a) In connection with the approval of the securities lending program, and the approval of Prudential Securities Lending Group as lending agent for the Lending Funds and implementation of the proposed fee arrangement, a majority of the board of directors of each Lending Fund ("Board") (including a majority of directors of each Lending Fund who are not "interested persons" as defined in section 2(a)(19) of the Act (the "Independent Directors")) will determine that (i) the contract with Prudential Securities Lending Group is in the best interests of the Lending Fund and its shareholders; (ii) the services to be performed by the Prudential Securities Lending Group are appropriate for the Lending Fund; (iii) the nature and quality of the services provided by the Prudential Securities Lending Group are at least equal to those provided by others offering the

same or similar services; and (iv) the fees for Prudential Securities Lending Group's services are fair and reasonable in light of the usual and customary charges imposed by others for services of the same nature and quality.

(b) In connection with the approval of the Prudential Securities Lending Group as lending agent for the Lending Funds and the initial implementation of the proposed fee arrangement, the Board will review competing quotes with respect to lending agency fees from at least three independent lending agents to assist the Board in making the findings referred to in paragraph (a) above.

(c) Each Lending Fund's contract with the Prudential Securities Lending Group for lending agent services will be reviewed annually and will be approved for continuation only if a majority of the Board (including a majority of the Independent Directors) makes the findings referred to in paragraph (a) above.

(d) The Board, including a majority of the Independent Directors, will (i) determine at each regular quarterly meeting that the loan transactions during the prior quarter were effected in compliance with the conditions and procedures set forth in the application and (ii) review no less frequently than annually the conditions and procedures for continuing appropriateness.

(e) Each Lending Fund will (i) maintain and preserve permanently in an easily accessible place a written copy of the procedures and conditions (and any modifications) described in the application or otherwise followed in connection with lending securities pursuant to the securities lending program and (ii) maintain and preserve for a period not less than six years from the end of the fiscal year in which any loan transaction pursuant to the Program occurred, the first two years in an easily accessible place, a written record of each loan transaction setting forth a description of the security loaned, the identity of the person on the other side of the loan transaction, the terms of the loan transaction, and the information or materials upon which the determination was made that each loan was made in accordance with the procedures set forth above and the conditions to the application.

B. Investment of Uninvested Cash and Cash Collateral in the Investment funds

1. Section 12(d)(1)(A) of the Act provides that no investment company may acquire securities of a registered investment company if such securities represent more than 3% of the acquired company's voting stock, more than 5%

of the acquiring company's total assets, or if such securities, together with the securities of any other acquired investment companies, represent more than 10% of the acquiring company's total assets. Section 12(d)(1)(B) of the Act provides that no registered open-end investment company may sell its securities to another investment company if the sale will cause the acquiring company to own more than 3% of the acquired company's voting stock, or if the sale will cause more than 10% of the acquired company's voting stock to be owned by investment companies.

2. Section 12(d)(1)(J) of the Act provides that the Commission may exempt any person, security or transaction from any provision of section 12(d)(1) if, and to the extent that, such exemption is consistent with the public interest and the protection of investors. Applicants request relief under Section 12(d)(1)(J) to permit certain Prudential Funds ("Acquiring Funds") and the Institutional Accounts that are relying on section 2(c)(1) or 3(c)(7) of the Act to invest their Cash Collateral and Uninvested Cash in the Investment Funds in excess of the limits in section 12(d)(1).

3. Applicants believe that the proposed arrangement does not result in the abuses that section 12(d)(1) was intended to prevent. Applicants state that the arrangements will not result in any layering of fees because the Investment Funds will not impose any sales load, redemption fee, asset-based distribution fee, or other service fee. The Management or Prudential Investments, as applicable, will waive advisory fees paid to it by an Investment Fund, or alternatively, the Acquiring Fund will receive a credit or other offset against its management fee in an amount equal to its proportionate share of the management fees paid by the Investment Funds in which it invests, to the extent necessary to avoid duplication of advisory fees for the Acquiring Funds as a result of their investment in the Investment Funds. Applicants also believe that the proposed arrangement will not create an overly complex fund structure. Applicants note that the Investment Funds will be prohibited from acquiring securities of any investment company in excess of the limits contained in section 12(d)(1)(A) of the Act, unless the Investment Fund is an Acquiring Fund investing its Cash Collateral or Uninvested Cash pursuant to the requested order.

4. Section 17(a) of the Act makes it unlawful for an affiliated person of a registered investment company, or any

second tier affiliate, acting as a principal, to sell or purchase any security to or from the investment company. Because the Acquiring Funds and the Investment Funds are advised by a common investment adviser, or by investment advisers that are under common control, the Acquiring Funds and the Investment Funds may be affiliated persons. Moreover, if an Acquiring Fund owns 5% or more of an Investment Fund, the Acquiring fund may be deemed to be an affiliated person of the Investment Fund. Accordingly, applicants state that section 17(a) would prohibit the sale of shares of the Investment Funds to the Acquiring Funds, and the redemption of such shares by the Investment Funds.

5. Section 17(b) of the Act authorizes the Commission to exempt a transaction from section 17(a) of the Act if the terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned, the proposed transaction is consistent with the policy of each registered investment company concerned, and with the general purposes of the Act. Section 6(c) of the Act permits the Commission to exempt any person or transaction from any provision of the Act, if such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policies of the Act.

6. Applicants request an order under sections 6(c) and 17(b) of the Act to permit the Acquiring Funds to purchase shares of the Investment Funds. Applicants submit that the terms of the proposed transactions are reasonable and fair and do not involve overreaching. Applicants also state that shares of the Investment Funds will be purchased and redeemed at their net asset value. Applicants state that the Investing Funds will retain their ability to invest Uninvested Cash directly in money market instruments as authorized by their respective investment objectives and policies if they believe they can obtain a higher rate or return, or for any other reason. The Investment Funds have the right to discontinue selling shares to any of the Acquiring Funds or the Institutional Accounts if the Investment Fund's board of directors determines that such sale would adversely affect its portfolio management and operations.

7. Applicants submit that the Acquiring Funds' investment of Uninvested Cash and Cash Collateral in the Investment Funds will be consistent with the policy of each Acquiring Fund,

as recited in its registration statement and reports filed under the Act. Applicants state that the Prudential Money Market Funds will invest only in an Investment Fund that complies with rule 2a-7 under the Act. Applicants also state that the investment of the Cash Collateral will be in accordance with the Commission staff's securities lending guidelines. Applicants state that an Acquiring Fund's aggregate investment of Uninvested Cash in the Investment Funds will not exceed 25% of the Acquiring Fund's total assets.

8. As noted above, section 17(d) and rule 17d-1 generally prohibit joint transactions involving registered investment companies and certain of their affiliates unless the Commission has approved the transaction. Applicants state that the Acquiring Funds and the Institutional Accounts by purchasing and redeeming shares of the Investment Funds, the Advisers by acting as investment adviser or sub-adviser to the Acquiring Funds and the Institutional Accounts, and the Prudential Securities Lending Group by acting as lending agent, may be deemed participants in a joint transaction under section 17(d) and rule 17d-1 under the Act. Applicants submit that the Acquiring Funds will participate in the proposed transaction on a basis not different from or less advantageous than that of any other participant and that the transaction will be consistent with the Act.

C. Interfund Transactions

1. Applicants state that the Acquiring Funds and the Investment Funds currently rely on rule 17a-7 under the Act to engage in purchase and sale transactions involving short-term money market instruments ("Interfund Transactions"). Rule 17a-7 under the Act excepts from the prohibitions of section 17(a) the purchase or sale of certain securities between registered investment companies which are affiliated person, or second tier affiliates, of each other or between a registered investment company and a person which is an affiliated person of such company (or second tier affiliate) solely by reason of having a common investment adviser, common officers, and/or common directors. Applicants state that the Acquiring Funds and the Investment Funds could be deemed to be affiliated persons of each other by virtue of an Acquiring Fund owning 5% or more of the outstanding voting securities of an Investment Fund. Thus, applicants believe they would not be able to rely on rule 17a-7 to effect Interfund Transactions.

2. Applicants request an order under sections 6(c) and 17(b) of the Act to permit the Interfund Transactions. Applicants state that the Acquiring Funds and the Investment Funds will comply with rule 17a-7 under the Act in all respects, other than the requirement that the participants be affiliated solely by reason of having a common investment adviser or affiliated investment advisers, common officers, or common directors, solely because the Acquiring Funds and the Investment Funds might become affiliated persons within the meaning of section 2(a)(3)(A) and (B) of the Act.

D. Lending of Portfolio Securities to Affiliated Broker-Dealers

1. Section 17(a)(3) of the Act makes it unlawful for any affiliated person or principal underwriter for a registered investment company or an affiliated person of such a person, acting as principal, to borrow money or other property from the registered investment company. Applicants state that section 17(a)(3) of the Act would prohibit Affiliated Broker-Dealers from borrowing securities from the Lending Funds.

2. As noted above, section 17(d) of the Act and rule 17d-1 under the Act generally prohibit joint transactions involving the registered investment companies and certain of their affiliates unless the Commission has approved the transaction. Applicants request relief under sections 6(c) and 17(b) of the Act exempting them from section 17(a)(3) of the Act, and under section 17(d) of the Act and rule 17d-1 under the Act to permit the Lending Funds to lend portfolio securities to Affiliated Broker-Dealers.

3. Applicants state that each loan to an Affiliated Broker-Dealer by a Lending Fund will be made with a spread that is no lower than that applied to comparable loans to unaffiliated broker-dealers.⁵ In this regard, applicants state that at least 50% of the loans made by the Lending Funds, on an aggregate basis, will be made to unaffiliated Borrowers. Moreover, all loans will be made with spreads that are no lower than those set forth in a schedule of spreads established by the Independent Directors of each Lending Fund and all transactions with Affiliated Broker-Dealers will be reviewed periodically by the officers of the Lending Funds. The

⁵ A "spread" is the compensation earned by a fund, as lender, from a securities loan, that is in the form either of a lending fee payable by the borrower to the fund (when non-cash collateral is posted) or the excess—retained by the fund—over a rebate rate payable by the fund to the borrower (when cash collateral is posted and then invested by the fund).

Board, including a majority of the Independent Directors, also will review detailed quarterly compliance reports on all lending activity.

Applicants' Conditions

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

A. General

1. Each Prudential Fund and each Prudential Institutional Account will be advised by the Advisers, or an entity controlling, controlled by, or under common control with the Advisers.

2. The securities lending program will comply with all present and future applicable Commission and staff positions regarding securities lending arrangements.

3. Approval of the Board, including a majority of Independent Directors, shall be required for the initial and subsequent approvals of Prudential Securities Lending Group as lending agent for a Lending Fund, for the institution of all procedures relating to the securities lending program, and for any periodic review of loan transactions for which Prudential Securities Lending Group acted as lending agent.

B. Loans to Affiliated Broker-Dealers

4. Each Lending Fund will (i) maintain and preserve permanently in an easily accessible place a written copy of the procedures (and any modifications thereto) which are followed in connection with lending securities and (ii) maintain and preserve for a period of not less than six years from the end of the fiscal year in which any loan transaction occurred, the first two years in an easily accessible place, a written record of each loan transaction setting forth the number of shares loaned, the face amount of the securities loaned, the fee received (or rebate remitted), the identity of the Borrower, the terms of the loan, and any other information or material upon which the finding was made that each loan made to Affiliated Broker-Dealers was fair and reasonable, and that the procedures followed in making such a loan were in accordance with the other undertakings set forth in the application.

5. The Lending Funds, on an aggregate basis, will make at least 50% of their portfolio securities loans to unaffiliated Borrowers.

6(a) All loans will be made with spreads no lower than those set forth in the schedule of spreads which will be established and may be modified from time to time by a committee of the Lending Fund's Board ("Lending Committee") composed of Independent

Directors ("Schedule of Spreads"). The Schedule of Spreads and any modifications thereto will be ratified by the full Board of each Lending Fund and by a majority of the Independent Directors.

(b) The Schedule of Spreads will set forth rates of compensation to the Lending Fund that are reasonable and fair, and that are determined in light of those considerations set forth in the application.

(c) The Schedule of Spreads will be uniformly applied to all Borrowers of the Lending Fund's portfolio securities, and will specify the lowest allowable spread with respect to a loan of securities to any Borrower.

(d) If a security is loaned to an unaffiliated Borrower with the spread higher than the minimum set forth in the Schedule of Spreads, all comparable loans to an Affiliated Broker-Dealer will be made at no less than the higher spread.

(e) The Lending Fund's securities lending program will be monitored on a daily basis by an officer of the Lending Fund who is subject to section 36(a) of the Act. This officer will review the terms of each loan to an Affiliated Broker-Dealer for comparability with loans to unaffiliated Borrowers and conformity with the Schedule of Spreads, and will periodically, and at least quarterly, report his or her findings to the Lending Fund's Lending Committee.

7. A Lending Fund will not make any loan to any Affiliated Broker-Dealer unless the income to the Lending Fund attributable to such loan fully covers the transaction costs, if any, incurred in making the loan.

8. The Board of the Lending Fund, include a majority of the Independent Directors, will determine no less frequently than quarterly that all transactions with Affiliated Broker Dealers effected during the preceding quarter were effected in compliance with the requirements of the procedures adopted by the Board and the conditions of any order that may be granted and that such transactions were conducted on terms that were reasonable and fair and will review no less frequently than annually such requirements and conditions for their continuing appropriateness.

9. The total value of securities loaned to any one broker-dealer on the approved list will be in accordance with a schedule to be approved by the Board of each Fund, but in no event will the total value of securities lent to any one Affiliated Broker-Dealer exceed 10% of the net assets of the Lending Fund, computed at market.

C. Investment of Uninvested Cash and Cash Collateral in Investment Funds

10. The Manager will waive or credit the amount of its advisory fee for each Acquiring Fund in an amount that offsets the amount of the advisory fees of the Investment Funds incurred by the Acquiring Fund.

11. No Investment Fund will acquire securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act, unless the Investment Fund is an Acquiring Fund investing its Cash Collateral or Uninvested Cash pursuant to the requested order.

12. Shares of Investment Funds sold to and redeemed by the Acquiring Funds will not be subject to a sales load, redemption fee, distribution fee under a plan adopted in accordance with rule 12b-1 under the Act or service fee (as defined in Rule 2830(b)(9) of the Conduct Rules of the National Association of Securities Dealers).

13. Acquiring Funds that are money market funds will not acquire shares of any Investment Fund that does not comply with the requirements of rule 2a-7 under the Act.

14. Investment in shares of the Investment Funds will be in accordance with each Acquiring Fund's respective investment restrictions and will be consistent with such Acquiring Fund's policies as set forth in its registration statement.

15. Each of the Acquiring Funds will invest Uninvested Cash in, and hold shares of, the Investment Fund only to the extent that the Acquiring Fund's aggregate investment in the Investment Funds does not exceed 25% of the Acquiring Fund's total assets. For purposes of this limitation, each Acquiring Fund or series thereof will be treated as a separate investment company.

D. Interfund Transactions

16. To engage in Interfund Transactions, the Prudential Funds will comply with rule 17a-7 under the Act in all respects other than the requirement that the parties to the transactions be affiliated persons (or affiliated persons of affiliated persons) of each other solely by reason of having a common investment adviser or investment advisers which are affiliated persons of each other, common officers, and/or common directors, solely because the Prudential Funds and the Investment Funds might become affiliated persons within the meaning of section 2(a)(3)(A) and (B) of the Act.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 99-29652 Filed 11-12-99; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

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 November 15, 1999.

A closed meeting will be held on Tuesday, November 16, 1999, at 1:30 p.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)(A) and (10), permit consideration for the scheduled matters at the closed meeting.

Commissioner Carey, 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 Tuesday, November 16, 1999, will be:

Institution and settlement of injunctive actions.

Institution and settlement of administrative proceedings of an enforcement nature.

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: November 9, 1999.

Jonathan G. Katz,
Secretary.

[FR Doc. 99-29776 Filed 11-9-99; 4:19 pm]

BILLING CODE 8010-01-M

SELECTIVE SERVICE SYSTEM

Computer Matching Between the Selective Service System and the Department of Education

AGENCY: Selective Service System.

ACTION: Notice.

In accordance with the Privacy Act of 1974 (5 U.S.C. 552a), as amended by the Computer Matching and Privacy Protection Act of 1988 (Pub. L. 100-503), and the Office of Management and Budget (OMB) Guidelines on the Conduct of Matching Programs (54 FR 825818 (June 19, 1989)), and OMB Bulletin 89-22, the following is provided:

1. Name of participating agencies: The Selective Service System (SSS) and the Department of Education (ED).

2. Purpose of the match: The purpose of this matching program is to ensure that the requirements of section 12(f) of the Military Selective Service Act (50 U.S.C. App. 462(f)) are met.

3. Authority for conducting the matching program: Computerized access to the Selective Service Registrant Registration Records (SSS 10) enables the Department of Education to confirm the registration status of applicants for assistance under title IV of the Higher Education Act of 1965 (HEA), as amended (20 U.S.C. 1070 *et seq.*). Section 12(f) of the Military Selective Service Act, as amended (50 U.S.C. App. 462(f)), denies eligibility for any form of assistance or benefit under Title IV of the HEA to any person required to present himself and submit to registration under section 3 of the Military Selective Service Act who fails to do so in accordance with that section and any rules and regulations issued under that section. In addition, the Military Selective Service Act and section 484(n) of the HEA which allows the data match to fulfill the statement requirement specifies that any person required to present himself and submit to registration under section 3 of the Military Selective Service Act file a statement that he is in compliance with the Military Selective Service Act. Furthermore, section 12(f)(3) of the Military Selective Service Act authorizes the Secretary of Education, in agreement with the Director of the Selective Service System, to prescribe methods for verifying the statements of compliance filed by students.

Section 484(n) of the Higher Education Act of 1965, as amended (20 U.S.C. 1091), requires the Secretary of Education to conduct data base matches with the Selective Service System, using common demographic data elements, to

enforce the Selective Service registration provisions of the Military Selective Service Act (50 App. U.S.C. 462(f)), and further states that appropriate confirmation of a person's registration shall fulfill the requirement to file a separate statement of compliance.

4. Categories of records and individuals covered: 1. Federal Student Aid Application File (18-11-01). Individuals covered are men born after December 31, 1959, but at least 18 years old by June 30 of the applicable award year. 2. Selective Service Registration Records (SSS 10).

5. Inclusive dates of the matching program: Commence on January 1, 2000 or 40 days after copies of the agreement are transmitted simultaneously to the Committee on Governmental Affairs of the Senate, the Committee on Government Reform and Oversight of the House of Representatives, and the Office of Management and Budget, whichever is later, and remain in effect for eighteen months unless earlier terminated or modified by agreement of the parties.

6. Address for receipt of public comments or inquiries: Justo Gonzalez, Jr., COL EN, Director for Operations, 1515 Wilson Boulevard, Arlington, VA 22209-2425.

Gil Coronado,

Director.

[FR Doc. 99-29359 Filed 11-12-99; 8:45 am]

BILLING CODE 8015-01-M

DEPARTMENT OF TRANSPORTATION

Office of the Secretary

Reports, Forms and Recordkeeping Requirements Agency Information Collection Activity Under OMB Review

AGENCY: Office of the Secretary, DOT.

ACTION: Notice

SUMMARY: In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 3501, *et seq.*) this notice announces that the Information Collection Request (ICR) abstracted below has been forwarded to the Office of Management and Budget (OMB) for review and comment. The ICR describes the nature of the information collection and its expected burden. The Federal Register Notice with a 60-day comment period soliciting comments on the following collection of information was published on August 24, 1999 [FR 64, page 46222].

DATES: Comments on this notice must be received on or before December 15, 1999.