Those permitted to intervene become parties to the proceeding, subject to any limitations in the order granting leave to intervene, and have the opportunity to participate fully in the conduct of the hearing, including the opportunity to present evidence and cross-examine witnesses.

If a hearing is requested, the Commission will make a final determination on the issue of no significant hazards consideration. The final determination will serve to decide when the hearing is held.

If the final determination is that the amendment request involves no significant hazards consideration, the Commission may issue the amendment and make it immediately effective, notwithstanding the request for a hearing. Any hearing held would take place after issuance of the amendment.

If the final determination is that the amendment request involves a significant hazards consideration, any hearing held would take place before the issuance of any amendment.

A request for a hearing or a petition for leave to intervene must be filed with the Secretary of the Commission, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001, Attention: Rulemakings and Adjudications Staff, or may be delivered to the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW., Washington, DC, by the above date. A copy of the petition should also be sent to the Office of the General Counsel, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001, and to Edward J. Cullen, Jr., PECO Energy Company, 2301 Market Street (S23–1), Philadelphia, PA 19103, attorney for the licensee.

Nontimely filings of petitions for leave to intervene, amended petitions, supplemental petitions and/or requests for hearing will not be entertained absent a determination by the Commission, the presiding officer or the presiding Atomic Safety and Licensing Board that the petition and/or request should be granted based upon a balancing of the factors specified in 10 CFR 2.714(a)(1)(i)–(v) and 2.714(d).

For further details with respect to this action, see the application for amendment dated May 22, 2000, which is available for public inspection at the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW., Washington, DC, and accessible electronically through the ADAMS Public Electronic Reading Room link at the NRC Web site (http://www.nrc.gov).

Dated at Rockville, Maryland, this 26th day of May 2000.

For the Nuclear Regulatory Commission.

Timothy G. Colburn,

Senior Project Manager, Section 1, Project Directorate I, Division of Licensing Project Management, Office of Nuclear Reactor Regulation.

[FR Doc. 00–13875 Filed 6–1–00; 8:45 am]

BILLING CODE 7590–01–P

NUCLEAR REGULATORY COMMISSION

[Docket No. 50–312]

Sacramento Municipal Utility District (SMUD), Rancho Seco Nuclear Generating Plant; Notice of Public Meeting

The NRC will conduct a public meeting in the Chabolla Community Center, 630 Chabolla Avenue, Galt, California, on June 20, 2000, to discuss SMUD plans to commence dismantlement and decontamination activities at the Rancho Seco Nuclear Generating Station, Herald, California. The meeting will begin at 7:00 p.m., with the doors opening at 6:30 p.m. The meeting will be chaired by Mr. Don Notolli, Supervisor, County Supervisory District 5, County of Sacramento, California, and will include short presentations by the NRC staff on the decommissioning process and NRC inspection program and by SMUD on its planned decommissioning activities. There will be an opportunity for members of the public to make comments and question the NRC staff and SMUD representatives.

On November 4, 1999, SMUD provided Amendment 2 to its Post-Shutdown Decommissioning Activities Report (PSDAR) to the NRC staff. This revision describes, in part, the licensee's plans to forego its initial option of hardened—SAFSTOR (*i.e.*, long-term safe storage) for the Rancho Seco facility to implement an accelerated schedule of dismantlement and decontamination that will result in license termination by 2008. This licensee decision was made, in part, on its success in the incremental decontamination and dismantlement of the facility as described in Amendment 1 to its PSDAR dated January 29, 1997.

The NRC staff believes that the licensee's decision to change from hardened-SAFSTOR to full-plant decontamination and dismantlement is a significant change to the activities and schedules identified in the original PSDAR submitted on March 20, 1997. As such, the NRC plans to inform the public of the licensee's new decommissioning schedule by conducting a public meeting at the Chabolla Community Center which is in the vicinity of the Rancho Seco facility. This meeting will also provide a forum for the public to gather information and ask questions or make comments.

For more information, contact Paul W. Harris, Project Directorate IV & Decommissioning, Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001; telephone 301–415–1169 or email at PWH1@NRC.gov.

The PSDAR is available for public inspection at the Commission's Public Document Room located at the Gelman Building, 2120 L Street, NW, Washington, DC, and is accessible electronically from the ADAMS Public Library (Amendment 2 Accession No. ML993160051) component on the NRC Web site, *http://www.nrc.gov* (the Electronic Reading Room).

Dated at Rockville, Maryland, this 26th day of May 2000.

For the Nuclear Regulatory Commission.

Paul W. Harris,

Project Manager, Decommissioning Section, Project Directorate IV & Decommissioning, Division of Licensing Project Management, Office of Nuclear Reactor Regulation.

[FR Doc. 00–13876 Filed 6–1–00; 8:45 am]

BILLING CODE 7590–01–P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 24477; 812–11644]

UAM Funds, Inc. et al.; Notice of Application

May 25, 2000.

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

ACTION: Notice of an application under section 12(d)(1)(J) of the Investment Company Act of 1940 (the ''Act'') exempting applicants from section 12(d)(1) of the Act, under sections 6(c) and 17(b) of the Act exempting applicants from section 17(a) of the Act, and under section 17(d) of the Act and rule 17d–1 under the Act to permit certain joint arrangements.

SUMMARY OF THE APPLICATION: The order would permit certain registered open-end investment companies to use cash collateral from securities lending transactions (''Cash Collateral'') to purchase shares of affiliated money market funds or affiliated private investment companies, to deposit Cash Collateral in one or more joint accounts, and to pay fees based on a share of the revenue generated from securities lending transactions to an affiliated lending agent and other affiliated entities.

APPLICANTS: UAM Funds, Inc. (''Fund I''), UAM Funds, Inc. II (''Fund II''), UAM Funds Trust (''Fund III'') (the ''Lending Funds''), Acadian Asset Management LLC, Analytic Investors, Inc., C.S. McKee & Company, Inc., Cambiar Investors, Inc., Chicago Asset Management Company, Cooke & Bieler, Inc., Dewey Square Investors Corp., Dwight Asset Management Company, Fiduciary Management Associates, Inc., First Pacific Advisors LLC, Hanson Investment Management Company, Heitman/PRA Securities Advisors LLC, Investment Counselors of Maryland, Inc., JAM Asset Management L.P., Murray Johnstone International Ltd., NWQ Investment Management Company, Pacific Financial Research, Inc., Pell Rudman Trust Company, Rice, Hall, James & Associates, Sirach Capital Management, Inc., Sterling Capital Management Company, Thompson, Siegel & Walmsley, Inc., Tom Johnson Investment Management, Inc. and any entity controlling, controlled by, or under common control with United Asset Management Corporation (''UAM'') that, in the future, acts as investment adviser to a Lending Fund or any other registered open-end management investment company (the ''Investment Advisers''), UAM Trust Company (the ''Trust Company''), UAM Global Securities Lending, Inc. (the ''Servicing Agent''), and UAM Fund Services, Inc. (the ''Administrator'').

FILING DATES: The application was filed on June 4, 1999, and amended on May 24, 2000.

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 June 19, 2000, 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 Fifth Street, NW., Washington, DC 20549–0609. Applicants, 211 Congress Street, Boston, MA 02110.

FOR FURTHER INFORMATION CONTACT: Marilyn Mann, Senior Counsel, at (202) 942–0582, or Mary Kay Frech, 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, 450 Fifth Street, NW., Washington, DC 20549–0102 (tel. 202–942–8090).

Applicants' Representations

1. Funds I and II are Maryland corporations registered under the Act as open-end management investment companies comprised of multiple series. Fund III is a Delaware business trust registered under the Act as an open-end management investment company comprised of multiple series.

2. Applicants request that the order also apply to (a) all other registered open-end management investment companies for which the Investment Advisers may now or in the future act as investment adviser (the ''Fund Lending Funds''); (b) unregistered investment vehicles relying on section 3(c)(1) or 3(c)(7) of the Act, currently in existence or proposed to be formed, and advised by a Private Fund Adviser (the ''Private Funds''); and (c) any investment adviser controlling, controlled by, or under common control with UAM that, in the future, acts as investment adviser to a Private Fund (the ''Private Fund Advisers'').[1] Either the Trust Company or the Administrator may act in the role of ''Lending Agent,'' as described below. In addition, either the Trust Company or the Administrator may act in the role of ''Program Administrator,'' as described below. Existing and future series of the Lending Funds and the Future Lending Funds are collectively referred to as the ''Portfolios.'' Portfolios that hold themselves out as money market funds are referred to as the ''Money Market Portfolios.''

3. The current Investment Advisers, except JAM Asset Management L.P., are wholly-owned subsidiaries of UAM, which is a holding company incorporated in Delaware. JAM Asset Management L.P. is a limited partnership, of which UAM is the sole limited partner. Pursuant to an investment advisory agreement between the respective Investment Adviser and the respective Lending Fund, on behalf of each respective Portfolio, each Investment Adviser manages one or more Portfolio's investments. Each of the Investment Advisers is registered under the Investment Advisers Act of 1940 (the ''Advisers Act'') except Pell Rudman Trust Company, which is exempt from registration pursuant to section 202(a)(11) of the Advisers Act.

4. The Lending Funds have each entered into a Fund Administration Agreement with the Administrator, pursuant to which the Administrator provides transfer agent, fund accounting and fund administration services to the Lending Funds. Chase Manhattan Bank, N.A. is the custodian of Fund I and Fund III. First Union National Bank is the custodian of Fund II. The Trust Company, a wholly-owned subsidiary of UAM and a Maryland chartered trust company, is exempt from registration as an investment adviser pursuant to section 202(a)(11) of the Advisers Act. The Trust Company serves as Private Fund Adviser to certain Private Funds. The Servicing Agent is an indirect wholly-owned subsidiary of UAM.

5. Each Lending Fund has the ability to increase its income by participating in a securities lending program (the ''Program'') under which it may lend portfolio securities to registered broker-dealers or other institutional investors deemed by its Investment Adviser to be of good standing, which meet minimum criteria established by the board of directors or trustees (the ''Board'') of the Lending Funds (''Borrowers''). The agreements governing such loans will require that the loans be continuously secured by collateral equal at all times in value to at least the market value of the securities loaned. Collateral for such loans may include cash, securities of the U.S. Government or its agencies, or any combination of cash and such securities.

6. Under the Program, the Lending Agent, Program Administrator, Administrator and Servicing Agent, together or individually with unaffiliated entities, will provide securities lending services and administrative services required for the operation of the Program to the Lending Funds.[2] The Lending Agent will be responsible for soliciting Borrowers for each Portfolio's securities subject to criteria established by the Board and guidelines provided by the Investment Advisers, monitoring daily the value of the loaned securities and collateral, and requesting that Borrowers add to the

[1] All registered investment companies, unregistered investment vehicles and investment advisers that currently intend to rely on the order are named as applicants. Any Future Lending Fund, Private Fund, future Investment Adviser, or future Private Fund Adviser that relies on the requested relief will do so only in compliance with the terms and conditions of the application.

[2] The personnel who will provide day-to-day lending agency services to the Lending Funds do not and will not provide 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.

collateral when required by the loan arrangements. The Lending Agent will contract with the Servicing Agent to provide product development support, including information about Borrowers and securities lending market data.

7. In transactions in which the collateral consists of U.S. Government securities or letters of credit, the Lending Agent will negotiate on behalf of the Lending Fund a lending fee to be paid by the Borrower to the Lending Fund. In transactions in which the collateral consists of cash, the Lending Fund, instead of receiving a separate lending fee, receives a portion of the return earned on the investment of the Cash Collateral by or under the direction of the Lending Fund's Investment Adviser. Depending on the arrangements negotiated with the Borrower by the Lending Agent, a percentage of the return on the investment of the Cash Collateral may be remitted on behalf of the Lending Fund to the Borrower.

8. Under the Program, it is proposed that the Lending Funds pay, and that the Lending Agent, Program Administrator, Administrator, and Servicing Agent accept, fees based on a share of the revenues generated from securities lending transactions for the Lending Funds. The Program Administrator and/or the Administrator will maintain accounting and financial records for the Portfolios of the Lending Funds that participate in the Program, and assist with communications and instructions by and among the Lending Funds, the Investment Advisers, Borrowers, and the managers and other personnel of the various investment vehicles in which the Cash Collateral will be invested.

9. Each of the Lending Funds will enter into a Securities Lending Program Administration Agreement with the Program Administrator. Services provided to the Lending Funds under this agreement include: monitoring the Program to ensure that loans are effected in accordance with the instructions of each Investment Adviser; maintaining financial and accounting records; communicating instructions by and among the Lending Funds, Investment Advisers and third parties; reviewing market prices of securities, daily reports of outstanding loan activity, collateral reinvestment and month-end security position reports.

10. The Program Administrator will enter into a Securities Lending Record Administration Agreement with the Administrator, pursuant to which the Program Administrator delegates certain of its recordkeeping obligations under the Securities Lending Program Administration Agreement to the Administrator. The Administrator will be compensated under that agreement based on a share of the securities lending program administration fees received by the Program Administrator from the Lending Funds.

11. The Lending Agent will enter into an Administrative Services Agreement with the Servicing Agent pursuant to which the Servicing Agent will assist in identification of prospective Borrowers, analyzing the creditworthiness of prospective Borrowers, identifying strategies for reinvestment of cash collateral consistent with the Investment Advisers' instructions, and provide research about industry trends and developments, and analyses of the economy as it may affect the Program. Under the applicable agreement, the Servicing Agent will be compensated based on a share of the fees received by the Lending Agent from the Lending Funds.

12. Applicants proposed that each of the Portfolios of the Lending Funds (the ''Investing Portfolios'') use Cash Collateral to purchase shares of the Money Market Portfolios. By investing Cash Collateral in the Money Market Portfolios, the Investing Portfolios are expected to reduce their transaction costs, create more liquidity, enjoy greater returns and further diversify their holdings.

13. Applicants also propose that the Investing Portfolios use Cash Collateral to purchase shares of beneficial interest, common stock or other units of beneficial ownership (''Shares'') issued by the Private Funds. An Investment Adviser or other entity under common control with an Investment Adviser, such as the Trust Company, will serve as the trustee or other manager (''Trustee'') of the Private Funds. In addition, a Private Fund Adviser will serve as investment adviser to the Private Funds. An affiliated person of an Investment Adviser may provide administrative, accounting, transfer agent and other services to the Private Funds. Private Funds utilized in the Program may operate as a money market portfolio and comply with the requirements of rule 2a–7 under the Act. Private Funds that do not comply with rule 2a–7 will be short-term fixed income funds with an average portfolio maturity of no more than 365 days. Each Private Fund will offer daily redemption of Shares at the current net asset value per share. The Private Funds will not impose any sales load or redemption or distribution fees.

14. Applicants also propose to deposit Cash Collateral in one or more joint trading accounts or subaccounts (''Joint Accounts'') with their custodian bank or another unaffiliated custodian or sub-custodian approved by the Boards of the Lending Funds (the ''Custodians''). The daily balance of the Joint Accounts will be invested in: (a) Repurchase agreements ''collateralized fully'' (as defined in rule 2a–7 under the Act);[R] (b) interest bearing or discounted commercial paper, including dollar denominated commercial paper of foreign issuers; and (c) any other short-term taxable or tax-exempt money market instruments, including variable rate demand notes, that constitute ''Eligible Securities'' (as defined in rule 2a–7 under the Act) (collectively, ''Short-Term Investments'').

15. Any repurchase agreements entered into through a Joint Account will comply with Investment Company Act Release No. 13005 (February 2, 1983) and any other existing and future staff positions taken by the SEC and the staff by rule, release, letter or otherwise relating to repurchase agreement transactions. In the event that the SEC or the staff sets forth guidelines with respect to other Short-Term Investments, all such investments made through the Joint Accounts will comply with those guidelines. All purchases through the Joint Accounts will comply with all present and future SEC and staff positions relating to the investment of Cash Collateral in connection with securities lending activities.

16. Investing Portfolios will invest through a Joint Account only to the extent that, regardless of the Joint Accounts, they would desire to invest in short-term liquid investments that are consistent with their respective investment objectives, policies and restrictions. An Investing Portfolio's decision to use a Joint Account will be based on the same factors as its decision to make any other short-term liquid investment.

17. The Investment Advisers will be responsible for providing guidelines to the Program Administrator or the Administrator for investing funds held by the Joint Accounts, and, in conjunction with the Program Administrator or the Administrator, establishing accounting and control procedures, operating the Joint Accounts in accordance with the procedures discussed below, and ensuring fair treatment of the Investing Portfolios. The Investment Advisers will

[3] The Investing Portfolios will not enter into ''hold-in-custody'' repurchase agreements in which the counterparty or one of its affiliated persons may have possession of, or control over, the collateral subject to the agreements except in instances when cash is received very late in the business day or would otherwise be unavailable for investment.

not participate monetarily in the Joint Accounts.

18. The applicants request relief to permit: (a) The Investing Portfolios to use Cash Collateral to purchase and redeem shares of the Money Market Portfolios and each Money Market Portfolio to sell shares to, and redeem such shares from the Investing Portfolios; (b) the Investing Portfolios to use Cash Collateral to purchase and redeem Shares of the Private Funds and the Private Funds to sell Shares to the Investing Portfolios and redeem Shares from the Investing Portfolios; (c) the Investing Portfolios to deposit Cash Collateral in the Joint Accounts; and (d) the Lending Funds and Future Lending Funds to pay, and the Lending Agent, Program Administrator, Administrator and Servicing Agent to accept, fees based on a share of the revenue generated from securities lending transactions for services provided by the lending Agent, program Administrator, Administrator and Servicing Agent.

Applicants' Legal Analysis

A. Investment of Cash Collateral in Money Market Portfolios and Private Funds

1. Section 12(d)(1)(A) of the Act provides that no registered investment company may acquire securities of another investment company representing more than 3% of the acquired company's outstanding voting stock, more than 5% of the acquiring company's total assets, or, together with the securities of other investment companies, more than 10% of the acquiring company's total assets. Section 12(d)(1)(B) 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 SEC may exempt any person or transaction from any provision of section 12(d)(1) if and to the extent that the exemption is consistent with the public interest and the protection of investors.

3. Applicants request an exemption under section 12(d)(1)(J) to permit each Investing Portfolio to use Cash Collateral to acquire shares of a Money Market Portfolio in excess of the limits imposed by section 12(d)(1)(A) if the Act. Applicants' proposed also would permit the Money Market Portfolios to sell their securities to an Investing Portfolio in excess of the percentage limitation in section 12(d)(1(B). Applicants represent that no Money Market Portfolio will acquire securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act.

4. Applicants state that none of the abuses meant to be addressed by section 12(d)(1) of the Act is created by the proposed investment of Cash Collateral in Money Market Portfolios. Applicants further state that access to the Money Market Portfolios will enhance each Investing Portfolio's ability to manage and invest Cash Collateral. Applicants represent that the proposed arrangement will not result in an inappropriate layering of fees because the Money Market Portfolios will not charge a sales load, redemption fee, distribution fee adopted in accordance with rule 12b–1 under the Act or service fee (as defined in rule 2830(b)(9) of the National Association of Securities Dealers, Inc. Conduct Rules (''NASD Conduct Rules'')).

5. Sections 17(a)(1) and 17(a)(2) of the Act prohibit an affiliated person of a registered investment company, or any affiliated person of the affiliated person, acting as principal, from selling any security to, or purchasing any security from, the registered investment company. Section 2(a)(3) of the Act defines an ''affilated person'' of another person to include: Any person directly or indirectly controlling, controlled by, or under common control with, the other person; and, in the case of an investment company, its investment adviser. Control is defined in section 2(a)(9) of the Act to mean ''the power to exercise a controlling influence over the management of policies of a company, unless such power is solely the results of an official position with such company.'' Because the Lending Funds share a common Board, each Portfolio of the Lending Funds may be deemed to be under common control with each of the other Portfolios of the Lending Funds. In addition, an Investment Adviser serves as investment adviser to each of the Investment Portfolios and the Money Market Portfolios, each such Investment Adviser could be deemed to control the Portfolio it advises, and the Investment Advisers are under common control. Therefore, the Investing Portfolios and the Money Market Portfolios could be deemed to be under common control and each Investing Portfolio is an affiliated person of each Money Market Portfolios. Accordingly, the sale of shares of the Money Market Portfolios to the Investing Portfolios, and redemption of such shares by the Investing Portfolios, is prohibited under section 17(a).

6. Because the Trust Company, an Investment Adviser, an entity under common control with an Investment Adviser or a Private Fund Adviser will serve as Private Fund Adviser or Trustee to each Private Fund, and each entity could be deemed to control the Private Fund, the Private Fund and each Lending Fund could be deemed to be under common control. Therefore, the sale or redemption by a Private Fund of its Shares to or from the Lending Funds is prohibited by section 17(a).

7. Section 17(b) of the Act authorizes the SEC 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, and the proposed transaction is consistent with the policy of each registered investment company concerned and with the general purposes of the Act.

8. Section 6(c) of the Act authorizes the SEC to exempt any person or transaction from any provision of the Act if the exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

9. Applicants request an order under sections 6(c) and 17(b) of the Act to permit the Investing Portfolios to use Cash Collateral to purchase shares of the Money Market Portfolios and Shares of the Private Funds and to permit the redemption of the shares or Shares. Applicants maintain that the terms of the proposed transactions are reasonable and fair because the Investing Portfolios will be treated like any other investors in the Money Market Portfolios and Private Funds, and will purchase and sell shares of the Money Market Portfolios and Shares of the Private Funds on the same terms and on the same basis as all other shareholders of the Money Market Portfolios and Private Funds. Applicants assert that the proposed transactions comply with each Portfolio's investment restrictions and policies. Applicants state that Cash Collateral of an Investing Portfolio that is a Money Market Portfolio will not be used to acquire Shares of any Private Fund that does not comply with rule 2a–7 under the Act. Applicants further sate that the investment of Cash Collateral will comply with all present and future SEC and staff positions concerning securities lending. Applicants also state that the Private Funds will comply with the major

substantive provisions of the Act, including the prohibitions against affiliated transactions, leveraging and issuing senior securities, and rights of redemption.

10. Section 17(d) of the Act and rule 17d–1 under the Act prohibit any affiliated person or principal underwriter for a registered investment company, or any affiliated person of such a person or principal underwriter, acting as principle, from effecting any transaction in connection with any joint enterprise or other joint arrangement or profit sharing plan in which the investment company participates, without an order of the SEC.

11. Applicants state that the Investing Portfolios (by purchasing and redeeming shares of the Money Market Portfolios and Shares of the Private Funds), the Investment Advisers (by managing the assets of the Investing Portfolios invested in the Money Market Portfolios and Private Funds and by managing the assets of the Money Market Portfolios), the Investment Advisers, Private Fund Advises, and Trust Company and their affiliated companies (by managing the assets of, and providing other services to, the Private Funds), the Lending Agent, Program Administrator, Servicing Agent, and Administrator (by facilitating the investment of Cash Collateral of the Investing Portfolios in the Money Market Portfolios and Private Funds), an the Money Market Portfolios (by selling shares to and redeeming Shares from the Investing Portfolios) could be deemed to be participants in a joint enterprise or other joint arrangement within the meaning of section 17(d) of the Act and rule 17d–1 under the Act. Applicants request an order in accordance with section 17(d) and rule 17d–1 to permit certain transactions incident to investments in the Money Market Portfolios and the Private Funds.

12. Under rule 17d–1, in passing on applicants for orders under section 17(d), the SEC considers whether the company's participation in the joint enterprise is consistent with the provisions, policies, and purposes of the Act, and the extent to which the participation is on a basis different from or less advantageous than that of other participants. Applicants submit that the proposed transactions meet these standards.

13. Applicants state that the investment by the Investing Portfolios in shares of the Money Market Portfolios and Shares of the Private Funds will be on the same basis and will be indistinguishable from any other shareholder account maintained by the Money Market Portfolios and Private Funds. Applicants also maintain that, to the extent any of the Investing Portfolios invests in the Money Market Portfolios and Private Funds as proposed, each Investing Portfolios will participate on a fair and reasonable basis in the returns and expenses of the Money Portfolios and Private Funds.

B. Investments in Joint Trading Accounts

1. 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 SEC has approved the transaction. Applicants state that the Investing Portfolios may be considered ''affiliated persons'' because they may be deemed to be under the control of the Investment Advisers, which are under common control. Applicants state that the Investing Portfolios, by participating in the Joint Accounts, and the Investment Advisers, Program Administrator and Administrator, by managing the Joint Accounts, could be deemed to be ''joint participants'' in a transaction within the meaning of section 17(d). In addition, applicants state that each Joint Account could be deemed to be a ''joint enterprise or other joint arrangement'' within the meaning of rule 17d–1.

2. Applicants submit that the proposed Joint Accounts meet the criteria of rule 17d–1 for issuance of an order. Applicants assert that no Investing Portfolio would be in a less favorable position than any other Investing Portfolio as a result of participating in the Joint Accounts. Each Investing Portfolio's liability on any Short-Term Investment will be limited to its interest in the Short-Term Investment. Applicants also assert that the proposed operation of the Joint Accounts will not result in any conflicts of interest among any of the Investing Portfolios, Investment Advisers, Program Administrator or Administrator.

3. Applicants state that the operation of the Joint Accounts could result in certain benefits to the Investing Portfolios. The Investing Portfolios may earn a higher rate of return on investments through the Joint Accounts relative to the returns they could earn individually. Under most market conditions, applicants assert, it is possible to negotiate a rate of return on larger investments that is higher than the rate available on smaller investments. In addition, applicants state that the enhanced purchasing power available through a Joint Account may increase the number of dealers willing to enter into Short-Term Investments with the Investing Portfolios and may reduce the possibility that an Investing Portfolio's Cash Collateral would remain uninvested. Finally, the Joint Accounts may result in certain administrative efficiencies and lessen the potential for error by reducing the number of trade tickets and cash wires that counterparties, the Custodian and the Investment Advisers must process.

C. Payment of Lending Agent Fees to the Lending Agent, Program Administrator, Administrator and Servicing Agent

1. Applicants state that each of the Lending Agent, the Program Administrator, the Administrator, and the Servicing Agent, as an entity under common control with the Investment Advisers to the Lending Funds, is an affiliated person of an affiliated person of the Lending Funds. Applicants further state that a lending agent agreement between the Lending Funds and the Lending Agent, an administrative services agreement between the Lending Funds and the Program Administrator, an administrative services agreement between the Program Administrator and the Administrator, and an administrative and research services agreement between the Lending Agent and the Servicing Agent, under which compensation is based on a share of the revenue generated by the Program, may be a joint enterprise or other joint arrangement or profit sharing plan within the meaning of section 17(d) and rule 17d–1. Consequently, applicants request an order to permit the Lending Agent. Program Administrator, Administrator and Servicing Agent to receive a portion of the revenue generated by the Program.

2. 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 Lending Agent, the Program Administrator, the Administrator and the Servicing Agent will meet the standards of rule 17d–1:

(a) In connection with the approval of the Lending Agent as lending agent and the Program Administrator and/or the Administrator as administrator and the Servicing Agent as provider of administrative and research services for the Program and implementation of the proposed fee arrangement, a majority of the Board of the Lending Fund (including a majority of the directors or trustees who are not ''interested persons'' of the Lending Fund within the meaning of the Act (the ''disinterested directors'')) will

determine that: (i) Each of the contracts between the Lending Funds and the Lending Agent, between the Lending Funds and the Program Administrator, between the Program Administrator and the Administrator, and between the Lending Agent and the Servicing Agent is in the best interests of the Lending Fund and its shareholders; (ii) the services to be performed by the Lending Agent, Program Administrator, Administrator and the Servicing Agent are appropriate for the Lending Fund; (iii) the nature and quality of the services provided by the Lending Agent, Program Administrator, Administrator and Servicing Agent are at least equal to those provided by others offering the same or similar services for similar compensation; and (iv) the fees for the Lending Agent's, Program Administrator's, Administrator's and Servicing Agent'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) Each Lending Fund's respective contract withe the Lending Agent for lending agent services, the Program Administrator for program administration, and the Program Administrator's contract with the Administrator for administrative services and the Lending Agent's contract with the Servicing Agent for related research and administrative services, will be reviewed annually and will be approved for continuation only if a majority of the Board of the Lending Fund (including a majority of the disinterested directors) makes the findings referred to paragraph (a) above.

(c) In connection with the initial implementation of an arrangement whereby the Lending Agent will be compensated as lending agent, the Program Administrator and/or the Administrator will be compensated as administrator and the Servicing Agent will be compensated for administrative and research services based on a percentage of the revenue generated by a Lending Fund's participation in the Program, the Board will obtain at least three competing quotes from independent entities providing Lending Agent, Program Administrator, Administrator and Servicing Agent services as a package, to assist the Board in making the findings referred to in paragraph (a) above.

(d) The Board, including a majority of the disinterested directors, will (i) at each regular quarterly meeting determine, on the basis of reports submitted by the Lending Agent, that the loan transactions during the prior quarter were conducted in compliance with the conditions and procedures set forth in the application and (ii) review no less frequently than annually the conditions and procedures set forth in the application 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 modifications thereto) described in the application or otherwise followed in connection with lending securities pursuant to the Program 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 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 a determination was made that each loan was made in accordance with the procedures set forth above and the conditions to the application.

Applicants' Conditions

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

A. General

1. The securities lending program of each Lending Fund will comply with all present and future applicable guidelines of the SEC and its staff regarding securities lending arrangements.

2. Each Lending Fund, Future Lending Fund and Private Fund that relies on the order will be advised by an Investment Adviser or Private Fund Adviser controlling, controlled by or under common control with UAM.

3. Before a Lending Fund may participate in the Program, a majority of the Board (including a majority of the disinterested directors) of the Lending Fund will approve the Lending Fund's participation in the Program. The Board of each Lending Fund will evaluate the Program and its results no less frequently than annually and a majority of the Board (including a majority of the disinterested directors) will determine that investing Cash Collateral in any of the Money Market Portfolios, the Private Funds and/or Joint Accounts is in the best intersts of the shareholders of the Lending Fund.

B. Private Funds

1. Investment in Shares of a Private Fund by a particular Lending Fund will be consistent with the Lending Fund's investment objectives and policies.

2. A money market Lending Fund that complies with rule 2a–7 under the Act will not invest its Cash Collateral in a Private Fund that does not comply with the requirements of rule 2a–7.

3. Shares of a Private Fund will not be subject to a sales load, redemption fee or asset-based sales charge or service fee (as defined in rule 2830(b)(9) of the NASD Conduct Rules).

4. The Private Funds will comply as to each investment series with the requirements of sections 17(a), (d), and (e), and 18 of the Act as if the Private Fund were a registered open-end investment company. With respect to all redemption requests made by a Lending Fund, the Private Fund will comply with section 22(e) of the Act. The Private Fund Adviser will, subject to approval by the Trustee, adopt procedures designed to ensure that the Private Fund complies with sections 17(a), (d) and (e), 18, and 22(e) of the Act. The Private Fund Adviser will also periodically review and periodically update as appropriate the procedures and will maintain books and records describing the procedures, and maintain the records required by rules 31a–1(b)(1), 31a–1(b)(2)(ii), and 31a–1(b)(9) under the Act. All books and records required to be made pursuant to this condition will be maintained and preserved for a period of not less than six years from the end of the fiscal year in which any transaction occurred, the first two years in an easily accessible place, and will be subject to examination by the SEC and the staff.

5. The net asset value per share with respect to Shares of a Private Fund will be determined separately for each Private Fund by dividing the value of the assets belonging to that Private Fund, less the liabilities of that Private Fund, by the number of Shares outstanding with respect to that Private Fund.

6. Each Lending Fund will purchase and redeem Shares of a Private Fund as of the same time and at the same price, and will receive dividends and bear its proportionate share of expenses on the same basis, as other shareholders of a Private Fund. A separate account will be established in the shareholder records of a Private Fund for the account of each Lending Fund.

7. Private Funds will not acquire securities of any investment company in excess of the limits contained in section 12(d)(1)(A) of the Act.

8. Each Private Fund that operates as a money market portfolio and uses the amortized cost method of valuation, as defined in rule 2a–7 under the Act, will

comply with rule 2a–7. Each such Private Fund will value its shares, as of the close of business on each business day, using the amortized cost method to determine its net asset value per share. Each such Private Fund will adopt the monitoring procedures described in rule 2a–7(c)(7) and the Private Fund Adviser will comply with these procedures and take any other action as are required to be taken pursuant to these procedures.

C. Affiliated Money Market Funds

1. Shares of the Money Market Portfolios sold to and redeemed by the Investing Portfolios will not be subject to a sales load, redemption fee, distribution fee under a plan adopted in accordance with rule 12b–1 under the 1940 Act, or service fee (as defined in rule 2830(b)(9) of the NASD Conduct Rules).

2. Investment of Cash Collateral in shares of the Money Market Portfolios will be in accordance with each Investing Portfolio's respective investment restrictions and will be consistent with each Investing Portfolio's policies as set forth in its prospectus and statement of additional information.

3. The Money Market Portfolios shall not acquire securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act.

D. Joint Accounts

1. One or more Joint Accounts will be established on behalf of the Lending Funds as separate cash accounts into which a Lending Fund may deposit daily all or a portion of its Cash Collateral. The Joint Accounts may be established with one or more custodians, and more than one Joint Account may be established with a custodian. The Joint Accounts will not be distinguishable from any other accounts maintained by the Lending Funds at their custodian except that monies from the Lending Funds will be deposited in the Joint Accounts on a commingled basis. The Joint Accounts will not have a separate existence and will not have indicia of a separate legal entity. The sole function of the Joint Accounts will be to provide a convenient way of aggregating individual transactions that would otherwise require daily management by the Investment Advisers of Cash Collateral.

2. If a Lending Fund wishes to participate in a Joint Account that will be maintained by a custodian other than its regular custodian, the Lending Fund will appoint that custodian as its sub-custodian for the limited purpose of: (a) Receiving and disbursing cash; (b) holding any Short-Term Investment purchased by the Joint account; and (c) holding any collateral received from a transaction effected through the Joint Account. Any Lending Fund that appoints a sub-custodian will have taken all necessary actions to authorize that entity as its legal custodian, including all actions required under the Act.

3. Assets in the Joint Accounts will be invested in one or more of the following Short-Term Investments, as determined by the Investment Advisers: (a) Repurchase agreements ''collateralized fully'' (as defined in rule 2a-7 under the Act); (b) interest-bearing or discounted commercial paper, including dollar-denominated commercial paper of foreign issuers; and (c) any other short-term taxable and tax-exempt money market instruments, including variable rate demand notes, that constitute ''eligible securities'' (as defined in rule 2a-7 under the Act). Short-Term Investments that are repurchase agreements would have a remaining maturity of 60 days or less as calculated in accordance with rule 2a-7 under the Act. Cash Collateral in a Joint Account would be invested in Short-Term Investments that have a remaining maturity of 397 days or less, as calculated in accordance with rule 2a-7 under the Act. No Lending Fund will be permitted to invest in a Joint Account unless the Short-Term Investments in that Joint Account will comply with the investment policies and guidelines of that Lending Fund.

4. All assets held by the Joint Accounts will be valued on an amortized cost basis to the extent permitted by applicable SEC or staff releases, rules, letters, or orders.

5. Each participating Lending Fund valuing its net assets in reliance on rule 2a-7 under the Act will use the average maturity of the instruments in the Joint Account in which the Lending Fund has an interest (determined on a dollar-weighted basis) for the purpose of computing its average portfolio maturity with respect to its portion of the assets held in a Joint Account on that day.

6. In order to ensure that there will be no opportunity for any Lending Fund to use any part of a balance of a Joint Account credited to another Lending Fund, no Lending Fund will be allowed to create a negative balance in any Joint Account for any reason. Each Lending Fund will be permitted to draw down its entire balance in a Joint Account at any time, provided that the Investment Adviser determines that such draw-down will have no significant adverse impact on any other Lending Fund participating in that Joint Account. Each Lending Fund's decision to invest in a Joint Account will be solely at its option, and no Lending Fund will be obligated to invest in a Joint Account or to maintain any minimum balance in a Joint Account. In addition, each Lending Fund will retain the sole rights of ownership to any of its assets invested in a Joint Account, including interest payable on such assets invested in the Joint Account.

7. The Investment Advisers will be responsible for investing funds held by the Joint Accounts. The Administrator or Program Administrator will administer the Joint Accounts in accordance with the standards and procedures established by the directors or trustees of the Lending Funds as part of its duties under the existing or any future administrative contract with the Lending Funds. The Administrator, the Program Administrator and the Investment Advisers will not receive additional or separate fees for advising or administering the Joint Accounts.

8. The administration of the Joint Accounts will be within the fidelity bond coverage required by section 17(g) of the Act and rule 17g-1 under the Act.

9. The Board of each Lending Fund will adopt procedures pursuant to which the Joint Accounts will operate, which will be reasonably designed to provide that the requirements of this application will be met. Each Board will make and approve such changes as it deems necessary to ensure that such procedures are followed. In addition, the Board of each Lending Fund will determine, no less frequently than annually, that the Joint Accounts have been operated in accordance with the adopted procedures and will only permit a Lending Fund to continue to participate therein if it determines that there is a reasonable likelihood that the Lending Fund and its shareholders will benefit from its continued participation.

10. Each Investing Portfolio of a lending fund will participate in a Joint Account on the same basis as any other Investing Portfolio of a Lending Fund in conformity with its respective fundamental investment objectives, policies, and restrictions. Any Investing Portfolio of a Future Lending Fund that participates in a Joint Account will be required to do so on the same terms and conditions as the existing Investing Portfolios of the Lending Funds.

11. Any Short-Term Investments made through the Joint Accounts will satisfy the investment criteria of all Lending Funds participating in that investment.

12. Each Lending Fund's investment in a Joint Account will be documented

daily on its books and on the books of its custodian. The Investment Adviser and the custodian of each participating Lending fund will maintain records documenting, for any given day, each Lending Fund's aggregate investment in a Joint Account and each Lending Fund's pro rata share of each investment made through such Joint Account. The records for each such Lending Fund shall be maintained in conformity with section 31 of the Act and the rules and regulations thereunder.

13. Every Lending Fund participating in the Joint Accounts will not necessarily have its Cash Collateral invested in every Short-Term Investment. However, to the extent that a Lending Fund's Cash Collateral is applied to a particular Short-Term Investment, the Lending Fund will participate in and own its proportionate share of such Short-Term Investment, and any income earned or accrued thereon, based upon the percentage of such investment purchased with monies contributed by the Lending Fund.

14. Short-Term Investments held in a Joint Account generally will not be sold prior to maturity unless: (a) The Investment Adviser believes the investment no longer presents minimal credit risk: (b) the investment no longer satisfies the investment criteria of all Lending funds participating in the investment because of a credit downgrading or otherwise; or (c) in the case of a repurchase agreement, the counterpart defaults. The Investment Adviser may, however, sell any Short-Term Investment (of a fractional portion thereof) on behalf of some or all participating Lending Funds prior to the maturity of the investment if the cost of such transactions will be borne solely by the selling Lending Funds and the transaction will not adversely affect other Lending Funds participating in that Joint Account. In no case will an early termination by less than all participating Lending Funds be permitted if it would reduce the principal amount or yield received by other Lending funds in a particular Joint Account or otherwise adversely affect the other participating Lending Funds. Each Fund participating in a Joint Account will be deemed to have consented to such sale and partition of the investments in the Joint Account.

15. Short-Term Investments held through a Joint Account will a remaining maturity of more than seven days, as calculated pursuant to rule 2a–7 under the Act, will be considered illiquid and subject to the restriction that the lending Fund may not invest more than 15%, or in the case of a money market fund, more than 10% (or such other percentage as set forth by the SEC from time to time) of its net assets in illiquid securities, if the Investment Adviser cannot sell the instrument, or the lending Fund's fractional interest in such instruments, pursuant to the preceding condition.

E. Payment of Fees to the Lending Agent, Program Administrator, Administrator and Servicing Agent

1. The approval of each Lending Fund's Board, including a majority of the disinterested directors, shall be required for: the initial and subsequent approvals of the Lending Agent's service as lending agent; for the Program Administrator's and the Administrator's services as administrator, and for the Servicing Agent's research and other services, respectively, for each Lending Fund pursuant to the Program; for the institution of all procedures relating to the Program as it relates to each lending Fund; and for any periodic review of loan transactions for which the lending Agent acted as lending agent pursuant to the program and the Program Administrator, and/or Administrator provided services as administrator and the Servicing Agent provided research and other services.

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. 34–42829; File No. SR–SCCP–00–03]

Self-Regulatory Organizations; Stock Clearing Corporation of Philadelphia; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Providing a Credit to Specialists

May 25, 2000.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on May 8, 2000, the Stock Clearing Corporation of Philadelphia (''SCCP'') 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 primarily by SCCP. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

The purpose of the proposed rule change is to provide a credit of $.20 per trade to specialists trading equities through the Philadelphia Stock Exchange Automated Communication and Execution (''PACE'') System.[2] This credit will be effective on June 1, 2000.

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

In its filing with the Commission, SCCP included statements concerning the purpose of and statutory basis for the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. SCCP has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.[3]

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

SCCP has exceeded its budgetary volume projects this year and has thus generated revenue far in excess of its budget. SCCP anticipates that this trend will continue. Thus, in order to address this situation, the proposed credit would apply to specialists, who have generated much of this revenue, that trade through the PACE System. Specifically, specialists that clear through SCCP are the principal client base upon which SCCP relies to cover its expenses. For instance, PACE trades represent approximately 90 percent of the volume SCCP processes. Therefore, SCCP proposes to credit $.20 per trade to specialists using the PACE System. This credit will be applied to the fees of specialists trading through the PACE System and will be effective on June 1, 2000.

SCCP believes that the proposed rule change is consistent with Section 17A(b)(3)(D) of the Act[4] which requires that the rules of a registered clearing agency provide for equitable allocation of reasonable dues, fees, and other charges for services which it provides to its participants.

[1] 15 U.S.C. 78s(b)(1).

[2] PACE is a real time order routing and execution system.

[3] The Commission has modified parts of these statements.

[4] 15 U.S.C. 78q–1(b)(3)(D).