

collection of information to the Office of Management and Budget for review and approval.

Summary of Proposal(s)

- (1) *Collection title:* Statement of Claimant or Other Person.
- (2) *Form(s) submitted:* G-93.
- (3) *OMB Number:* 3220-0183.
- (4) *Expiration date of current OMB clearance:* 11/30/2000.
- (5) *Type of request:* Extension of a currently approved collection.
- (6) *Respondents:* Individuals or households, Business or other for-profit.
- (7) *Estimated annual number of respondents:* 900.
- (8) *Total annual responses:* 900.
- (9) *Total annual reporting hours:* 225.
- (10) *Collection description:* Under Section 2 of the Railroad Retirement Act and the Railroad Unemployment Insurance Act, pertinent information and proofs must be submitted by an applicant so that the Railroad Retirement Board can determine his or her entitlement to benefits. The collection obtains information supplementing or changing the information previously provided by an applicant.

Additional Information or Comments: Copies of the forms and supporting documents can be obtained from Chuck Mierzwa, the agency clearance officer (312-751-3363). Comments regarding the information collection should be addressed to Ronald J. Hodapp, Railroad Retirement Board, 844 North Rush Street, Chicago, Illinois, 60611-2092 and the OMB reviewer, Joe Lackey (202-395-7316), Office of Management and Budget, Room 10230, New Executive Office Building, Washington, D.C. 20503.

Chuck Mierzwa,
Clearance Officer.

[FR Doc. 00-23367 Filed 9-11-00; 8:45 am]

BILLING CODE 7905-01-M

RAILROAD RETIREMENT BOARD

Determination of Quarterly Rate of Excise Tax for Railroad Retirement Supplemental Annuity Program

In accordance with directions in Section 3221(a) of the Railroad Retirement Tax Act (26 U.S.C., Section 3221(c)), the Railroad Retirement Board has determined that the excise tax imposed by such Section 3221(c) on every employer, with respect to having individuals in his employ, for each work-hour for which compensation is paid by such employer for services rendered to him during the quarter

beginning October 1, 2000, shall be at the rate of 26½ cents.

In accordance with directions in Section 15(a) of the Railroad Retirement Act of 1974, the Railroad Retirement Board has determined that for the quarter beginning October 1, 2000, 38.3 percent of the taxes collected under Sections 3211(b) and 3221(c) of the Railroad Retirement Tax Act shall be credited to the Railroad Retirement Account and 61.7 percent of the taxes collected under such Sections 3211(b) and 3221(c) plus 100 percent of the taxes collected under Section 3221(d) of the Railroad Retirement Tax Act shall be credited to the Railroad Retirement Supplemental Account.

By Authority of the Board.

Dated: August 30, 2000.

Beatrice Ezerski,

Secretary to the Board.

[FR Doc. 00-23366 Filed 9-11-00; 8:45 am]

BILLING CODE 7905-01-M

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 24633: 812-12236]

Propel, Inc.; Notice of Application

September 6, 2000.

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

ACTION: Notice of an application under section 6(c) of the Investment Company Act of 1940 (the "Act").

SUMMARY OF THE APPLICATION: The order would permit applicant and its controlled companies to engage in certain foreign telecommunications ventures without being subject to the provisions of the Act.

FILING DATES: The application was filed on August 30, 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 October 2, 2000, and should be accompanied by proof of service on applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reasons 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, N.W., Washington, D.C. 20549-0609. Applicant, c/o Thomas P. Holden, Motorola, Inc. 425 North Martingale Road, Schaumburg, IL 60173.

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 5th Street, N.W., Washington, D.C. 20549-0102 (tel. 202-942-8090).

Applicant's Representations

1. Propel, Inc. ("Propel") a Delaware corporation, was formed in 1999 to succeed to a portion of the business conducted by the Network Management Group ("NMG") of Motorola, Inc. ("Motorola"), a Delaware corporation. The assets used in connection with NMG's business are currently owned by Motorola or by one of the following subsidiaries of Motorola: Motorola International Development Corporation and Motorola International Network Ventures, Inc. (the "Holding Companies"). These assets consist predominantly of voting security positions in various foreign cellular telephone network operating companies ("Operating Companies"). Upon Propel succeeding to NMG's business,¹ Propel will effect a public offering of its equity securities and/or its equity securities will be distributed by Motorola to its security holders in a spin-off transaction. Immediately prior to such offering or distribution, the Holding Companies will be merged into Motorola and the majority of the NMG assets contributed to Propel. This transaction is expected to occur in the third or fourth quarter of 2000.

2. NMG is actively engaged in the operations of the Operating Companies. The personnel of NMG serve as directors and officers of, and in some cases hold management-level employee positions with, the Operating Companies. NMG's directors, officers and employees are experienced

¹ Certain NMG assets, including a domestic holding, will not be contributed to Propel due to various tax, legal, and business considerations. Propel will hold an interest in a domestic entity that operates an international Internet protocol based communications platform. In the future, Propel may hold interests in other domestic entities that are involved in the telecommunications business in the United States. The requested order will not address Propel's activities in the United States.

operating, financial, engineering, legal and/or business development personnel. Through negotiated contractual and other arrangements with the Operating Companies and their other owners, NMG possesses and exercises significant control over key operational and economic aspects of the Operating Companies.

3. Propel requests relief to permit it and each entity that is now or in the future controlled by, or under common control with, Propel (each, including Propel, a "Covered Entity") to engage, either directly or indirectly through subsidiaries, in certain foreign telecommunications ventures without being subject to the provisions of the Act. For purposes of the application, Propel represents that "foreign telecommunications venture" means any and all activities outside the United States involving: communications; media; the creation, storage and transmission of analog or digital voice, video or data; programming, including entertainment, news, information and home shopping services; broadband and satellite distribution; over the air broadcast; telecommunications; wireless and wireline distribution and telephony; network construction; design, operation and ownership of related transport construction; wireless handsets and accessories; and any and all related or similar activities, services and assets.

4. Applicant would participate in foreign telecommunications ventures in either of two ways. In one, applicant, directly or through one or more other Covered Entities, would invest in a foreign telecommunications company. "Foreign telecommunications company," as used in the application, means any corporation, partnership, joint venture, association, joint stock company, limited liability company, or other form of organization (a) substantially all of whose operations are conducted outside of the United States, (b) that owns the assets of a foreign telecommunications venture (which may consist of capital assets or stock of operating subsidiaries), and (c) whose business primarily relates to, or whose operations consist primarily of, the ownership, development and operation of, or the provisions of management or operational services relating to, foreign telecommunications ventures. Propel or one or more other Covered Entities would acquire a substantial interest in the foreign telecommunications company, and provide active developmental assistance to the foreign telecommunications venture. For purposes of the application, applicant represents that "substantial interest"

means any ownership interest that represents at least a 10% economic or voting interest. In addition, applicant represents that "active developmental assistance" means material involvement in the creation (including but not limited to license acquisition), development or operation of, the provision of material managerial, advisory, technical, or operational services relating to, or significant input on material decisions affecting the development or operations of, a foreign telecommunications venture.

5. The second way applicant would participate in foreign telecommunications ventures is to invest, either directly or through one or more other Covered Entities, in a telecommunications partnership. Applicant represents that, for purposes of the application, a "telecommunications partnership" means any partnership, joint venture, limited liability company or other unincorporated association (a) substantially all of whose operations are conducted outside of the United States, and (b) whose purpose is to acquire interest in, and to develop, operate, or provide management services to, one or more foreign telecommunications companies. Representatives of Propel or another Covered Entity would satisfy the active developmental assistance requirement generally by participation on the management committee or similar governing body of the telecommunication partnership. Propel or one or more other Covered Entities would acquire a substantial interest in the telecommunications partnership. That telecommunications partnership would, in turn directly or through one or more subsidiaries, acquire a substantial interest in one or more foreign telecommunications companies and provide active developmental assistance to the foreign telecommunications ventures of the telecommunications partnership.

6. Propel represents that providing "active developmental assistance" requires Propel or another Covered Entity to be or have been materially involved in providing such assistance. Thus, Propel or another Covered Entity may rely on the exemptive order even though it no longer provides active developmental assistance so long as it continues to have a substantial interest in the foreign telecommunications venture, which is past the developmental stage, and a Covered Entity or NMG provided active developmental assistance during the venture's developmental stage. Similarly, if a Covered Entity acquires (or NMG while the predecessor to

Propel acquired) a substantial interest in a foreign telecommunications venture after the development stage and a Covered Entity provides (or NMG provided) active developmental assistance to the foreign telecommunications venture, then a Covered Entity may continue to rely on the exemptive order, even through active developmental assistance ceases, so long as a Covered Entity continues to have a substantial interest in the venture, and (a) the business of the foreign telecommunications venture was significantly enhanced by the active developmental assistance of a Covered Entity or NMG or (b) the foreign telecommunications venture (i) is merged or combined with, or acquired by, a company in the same or a related business, or (ii) effects an initial public offering of voting stock.

7. Propel represents that NMG has provided, and Propel or another Covered Entity will provide, active developmental assistance to each foreign telecommunications company or telecommunications partnership in which a Covered Entity takes a substantial interest by either developing, conducting or expanding the company's or partnership's operations.² This assistance includes one or more of the following areas: license acquisition (through bid preparation or otherwise); network/system design and engineering; employee hiring and training; operations including marketing, sales, billing, collections, customer care, and computerizing; and purchasing.

8. In preparation of the bid for a license, NMG performs comprehensive market demand analysis in the potential country market and evaluates future wireless telephony demand. NMG next translates this information into a business plan, developed in conjunction with a proprietary business model of NMG. This model generates information that helps determine whether a bid should be made and the amount of the bid. In preparation of the bid, NMG also relies on its previous bid experiences in other foreign markets.

9. Networks/system design and engineering services begin before a bid is submitted for a license and continue until completion of network build out. In the pre-bid phase, NMG provides engineering and design expertise in planning and constructing the cellular system. NMG provides marketing research, market analysis, system design

² To date, NMG has not held an interest in a telecommunications partnership but Propel may do so in the future.

and technology choice consulting during the bid process.

10. NMG provides assistance with recruiting and training qualified senior executives and other personnel to operate a foreign telecommunications venture during the early stages of the development of some ventures. NMG provides employee training to localize expertise in all areas of operations. NMG personnel help select management employees and train them in various areas, including systems operations, financial and billing, customer care, marketing and sales, and general back-office support. In many instances, NMG employees were seconded to the foreign telecommunications company in the initial stages of setting up the operations and participated in the selection and training of their replacements. In some instances NMG provides senior management on a longer-term basis.

11. Assistance may also be provided in deploying, servicing, trouble shooting and operating the networks of foreign telecommunications ventures. When these ventures win licenses, NMG assists in the design, installation and optimization of the cellular systems, as well as providing consultation and support services in implementing the system. NMG assists in the design and installation of financial control procedures and accounting systems and in training people to use the systems. NMG provides back-up support for billing procedures and billing software selection, as well as marketing and sales assistance. NMG also helps its ventures with purchasing goods and services, including hardware and software, necessary in building and operating a cellular network.

12. Applicant's participation in foreign telecommunications ventures with local and strategic partners is generally made necessary by both restrictions on ownership of foreign telecommunications ventures under the laws of many countries, as well as by the benefits, both tangible and intangible, that applicant may obtain from joining with strategic partners both local and international, to create, develop and operate such ventures. The structure of NMG's ventures was not established for the purpose of creating an investment company within the contemplation of the Act. Motorola entities through which NMG operates have never been registered investment companies (or subject to any analogous regulatory scheme in another jurisdiction) nor been held out as primarily engaged in the business of investing, reinvesting, or trading in securities. Applicant represents that it is seeking the requested exemptive order

because going forward it would be constrained in its participation in exiting and future foreign telecommunications ventures by the requirements of the Act.

Applicant's Legal Analysis

1. Section 3(a)(1)(C) of the Act defines an "investment company" to include any issuer that is engaged in the business of investing, reinvesting, owning, holding, or trading in securities, and owns investment securities having a value exceeding 40% of the value of the issuer's total assets (exclusive of Government securities and cash items). Section 3(a)(2) of the Act defines "investment securities" to include, in pertinent part, all securities except securities issued by majority-owned subsidiaries of the owner which are not investment companies and which are not excepted from the definition of investment company by section 3(c)(1) or section 3(c)(7). Section 2(a)(24) defines a "majority-owned subsidiary" of a person as a company 50% or more of the outstanding voting securities of which are owned by the person, or by a company which, within the meaning of section 2(a)(24), is majority-owned subsidiary of the person.

2. Rule 3a-1 under the Act deems certain issuers that meet the statutory definition of investment company in section 3(a)(1)(C) of the Act not to be investment companies, provided the issuer meets certain criteria. An issuer can qualify for this exemption only if no more than 45% of its total assets consist of, and no more than 45% of its net income is derived from securities other than, among others, securities of certain companies controlled primarily by the issuer.³

3. NMG's business has been conducted almost exclusively in countries outside the United States. In many instances, foreign laws will prohibit or constrain Propel and the other Covered Entities from obtaining or holding controlling positions in telecommunications operating companies. Bidding for a telecommunications license must in many cases be done through a joint venture or consortium. Beyond these legal constraints, a joint investment with one or more strategic partners may be advisable in foreign ventures for a variety of additional reasons, including: (a) a desire to structure ventures so that Propel's management expertise,

experience in other markets, and ability to leverage telecommunications services to maximize economies of scale and operating efficiencies complement the assets and local business connections of a partner; (b) the desire for capital financing from third parties; (c) the expertise one or more partners may bring to a foreign venture, including knowledge of local preferences and business practices and existing relationships with suppliers, contractors, government agencies or potential customers; (d) the enhanced intangible appeal that the involvement of an additional major international investor may lend to a bidding contest for a telecommunications license in a developing country; and (e) Propel's desire to test a new market through a relatively small initial commitment of capital undertaken with one or more partners, thereby diversifying the business and financial risks attendant to establishing operations where wireless and other telecommunications businesses have a relatively modest or no established infrastructure or subscriber base.

4. Applicant's holdings at its inception will be such that it may come within the definition of investment company in section 3(a)(1)(C) of the Act. In the absence of the requested relief, applicant would be required to restructure its positions in its existing ventures in order to avoid having to register under the Act. With respect to future ventures, applicant states that the need to structure participation in foreign telecommunications ventures in a manner that complies with the Act would result in severe constraints on Propel's ability to effectively and efficiently operate and grow its business. These constraints principally occur in two areas. The first is in the formation of a potential foreign telecommunications venture. If a Covered Entity is unable to obtain either a majority interest or primary control for purposes of section 3(a)(1)(C) or rule 3a-1, or the type of control that would allow it to obtain an opinion of counsel that it can classify its participation as a joint venture interest, then the Covered Entity would most likely abstain from participating in that foreign telecommunications venture.

5. The second constraint arises after a Covered Entity has acquired its interest in a foreign telecommunications venture. As a venture grows out of the development stage, it will often seek to expand its businesses through acquisitions, or will seek financing in the public capital markets. However, these goals are often in direct conflict with the Covered Entity's need to

³ "Primary control" under rule 3a-1 means a degree of control that is greater than that of any other person. See Health Communications Services, Inc. (pub. avail. Apr. 26, 1985).

maintain its ownership interest at a level that avoids an issue under the Act. Applicant submits that this can result in serious restraints on the development of certain foreign telecommunications ventures, a Propel seeks to structure transactions around the requirements of the Act. Applicant states that, at times, when the Covered Entity's interest would fall below the level of presumptive control set forth in section 2(a)(9) of the Act, the Covered Entity may have to deny the foreign telecommunications venture permission to undertake a transaction that would have been in the best interests of the Covered Entity and that venture.

6. Applicant states that a Covered Entity's ability to structure its participation in a foreign telecommunications venture as an unincorporated joint venture or partnership interest is not adequate to permit Propel to conduct its business free of the constraints of the Act. Propel states that whether an arrangement is a joint venture is sometimes difficult to determine.

7. Section 6(c) provides that the SEC may exempt any person, security or transaction from any provision of the Act or any rule or regulation under the Act, if and to the extent that 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. Applicant requests an order under section 6(c) to permit applicant and the other Covered Entities to engage, directly or through subsidiaries, in foreign telecommunications ventures without being subject to the Act.

8. Applicant represents that the requested exemption is necessary and appropriate in the public interest. Applicant asserts that its interests in the foreign telecommunications ventures, unlike the assets of investment companies, will not be liquid, mobile or otherwise readily negotiable. Applicant also states that neither it nor any other Covered Entity will be a "special situation" investment company that takes a controlling position in other issuers primarily for the purpose of making a profit in the sale of the controlled company's securities. Applicant states that the Covered Entities will provide active developmental assistance for the purpose of participating in the profits from the foreign telecommunications ventures' operations. Applicant maintains that active developmental assistance requires personnel with expertise in planning, operating, managing, and providing services to a

foreign telecommunications venture. Accordingly, applicant asserts that the Covered Entities will engage in business activities that do not entail the types of abuses that the Act was designed to address.

9. Applicant believes that the requested relief is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Applicant represents that the requirements of its business, its strategy that each Covered Entity own or hold directly or indirectly a substantial interest in a foreign telecommunications company or partnership, and its representation that each Covered Entity will provide active developmental assistance to a foreign telecommunications venture demonstrate that the applicant is not of the type that engages in the activities that the Act was designed to address.

Applicant's Conditions

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

1. No Covered Entity that proposes to rely on the requested relief will hold itself out as being engaged in the business of investing, reinvesting or trading in securities.

2. A Covered Entity may rely on the order granting the requested relief only to the extent that the manner in which it is involved in foreign telecommunications ventures does not differ materially from that described in the application.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-23342 Filed 9-11-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43243; File No. SR-Phlx-00-49]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change and Amendment No. 1 by the Philadelphia Stock Exchange, Inc. Relating to the Reporting of Options Transactions

September 1, 2000.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,²

notice is hereby given that on June 5, 2000, the Philadelphia Stock Exchange ("Phlx" or the "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change relating to the reporting of options transactions. The Phlx filed Amendment No. 1 to this proposal on August 31, 2000.³ The proposed rule change, as amended, is described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons and to grant accelerated approval to the proposed rule change, as amended.

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

The Exchange proposes to amend Exchange Rule 1051, "Reporting, General Comparison and Clearance Rule," and Options Floor Procedure Advice ("OFPA") F-2, "Allocation, Time Stamping, Matching and Access to Matched Trades," to require the reporting of options transactions within 90 seconds after execution. The text of the proposed rule change, as amended, is set forth below. Additions are in *italics*.

F-2 Allocation, Time Stamping, Matching and Access to Matched Trades

(a) In order to facilitate timely tape reporting of executed trades, it is the duty of the largest participant in a trade to allocate, match and time stamp manually executed trades as well as to submit the matched trade to the appropriate person at the respective Specialist post immediately upon execution. *A member or member organization initiating an options transaction, whether acting as principal or agent, must report or ensure that the transaction is reported within 90 seconds after execution to the tape. Transactions not reported within 90 seconds after execution shall be designated as late. A pattern or*

³ See letter from Richard S. Rudolph, Counsel, Phlx to Deborah Flynn, Senior Special Counsel, Division of Market Regulation ("Division"), Commission, dated August 31, 2000 ("Amendment No. 1"). Amendment No. 1 requests the Commission to approve the proposed rule change on an accelerated basis and clarifies that if a member fails to report an options transaction within 90 seconds, the report would be considered "late." Additionally, Amendment No. 1 revises the proposed rule language to clarify that a pattern or practice of late reporting, without exceptional circumstances, would be considered conduct inconsistent with just and equitable principles of trade. Amendment No. 1 also clarifies that the three-year running calendar basis for the imposition of the fine schedule in OFPA F-2 begins to run on the date of the first infraction. Amendment No. 1 supersedes a previous amendment filed with the Commission on August 23, 2000. See letter from Richard S. Rudolph, Counsel, Phlx to Nancy Sanow, Assistant Director, Division, Commission, dated August 22, 2000.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.