

15. The Partnership believes that the exemptions requested are consistent with the protection of investors in view of the substantial community of interest among all the parties and the fact that the Partnership will be an "employees' securities company" as that term is defined in section 2(a)(13).

16. The Partnership states that each Eligible Officer will be equipped by experience and education to understand and evaluate the structure, management, and plan of the Partnership as compared to other investment opportunities, to understand and evaluate the risks of investing in the Partnership, and to understand that the Partnership is being offered without registration under the Act and the Securities Act and the protections afforded thereby.

Applicant's Conditions

The Partnership agrees to comply with the following as conditions if the requested order is granted:

1. Each proposed transaction otherwise prohibited by section 17(a) or section 17(d) and rule 17d-1 to which the Partnership is a party (the "Section 17 Transactions") will be effected only if the General Partner determines that: (a) the terms of the transaction, including the consideration to be paid or received, are fair and reasonable to the Partners and do not involve overreaching of the Partnership or its Partners on the part of any person concerned; and (b) the transaction is consistent with the interests of the Partners, the Partnership's organizational documents, and the Partnership's reports to its Partners. In addition, the General Partner will record and preserve a description of such affiliated transactions, their findings, the information or materials upon which their findings are based and the basis therefor. All such records will be maintained for the life of the Partnership, and at least two years thereafter, and will be subject to examination by the SEC and its staff.²

2. In connection with the Section 17 Transactions, the General Partner, will adopt and periodically review and update, procedures designed to ensure that reasonable inquiry is made, prior to the consummation of any such transaction, with respect to the possible involvement in the transaction of any affiliated person or promoter or of principal underwriter for the Partnership, or any affiliated person of such a person, promoter or principal underwriter.

² The Partnership will preserve the accounts, books, and other documents required to be maintained in an easily accessible place for the first two years.

3. The General Partner will not invest the funds of the Partnership in any investment in which a "Co-Investor" has or proposes to acquire the same class of securities of the same issuer, where the investment involves a joint enterprise or other joint arrangement within the meaning of rule 17d-1 in which the Partnership and the Co-Investor are participants, unless any such Co-Investor, prior to disposing of all or part of its investment, (a) gives the General Partner sufficient, but not less than one day's notice of its intent to dispose of its investment, and (b) refrains from disposing of its investment unless the Partnership has the opportunity to dispose of the Partnership's investment prior to or concurrently with, and on the same terms as, and *pro rata* with the Co-Investor. The term "Co-Investor" means any person who is: (a) an "affiliated person" (as such term is defined in the Act) of the Partnership; (b) a member of the Baum Entities; (c) an officer or director of one or more of the Baum Entities; or (d) a company in the General Partner or Adviser acts as a general partner or has a similar capacity to control the sale or other disposition of the company's securities (including without limitation other Investor Fund). The restrictions contained in this condition 3, however, shall not be deemed to limit to prevent the disposition of an investment by a Co-Investor: (a) to its direct or indirect wholly-owned subsidiary, to any company (a "parent") of which the Co-Investor in a direct or indirect wholly-owned subsidiary, or to a direct or indirect wholly-owned subsidiary of its parent; (b) to immediate family members of the Co-Investor or a trust established for any such family member; (c) when the investment is comprised of securities that are listed of any exchange registered as a national securities exchange under section 6 of the Exchange Act; or (d) when the investment is comprised of securities that are national market system securities pursuant to section 11A(a)(2) of the Exchange Act and rule 11As2-1 thereunder.

4. The Partnership and the General Partner will maintain and preserve, for the life of the Partnership and at least two years thereafter, such accounts, books and other document as constitute thereafter, such accounts, books, and other documents as constitute the record forming the basis for the audited financial statements that are to be provided to the Partner and each annual report of the Partnership required to be sent to the Partners, and agree that all

such records will be subject examination by the SEC and its staff.³

5. The General Partner will send to each Partner who had a capital account interest in the Partnership, at any time during the fiscal year then ended, Partnership financial statements audited by the Partnership's independent accountants. At the end of each fiscal year, the General Partner will make a valuation or have a valuation made of all of the assets of the Partnership as of such fiscal year in a manner consistent with customary practice with respect to the valuation of assets of the Kind held by the Partnership. In addition, within 90 days after the end of each fiscal year of the Partnership or as soon as practicable thereafter, the General Partner shall send a report to each person who was a Partner at any time during the fiscal year then ended, setting forth such tax information as shall be necessary for the preparation by the Partner of his, her, or its federal and state income tax returns and a report of the investment activities of the Partnership during such year.

6. In any case where purchases or sales were made by the Partnership from or to an entity affiliated with the Partnership by reason of a 5% or more investment in such entity by an advisory director, director, officer, or employee, of any one or more of the Baum Entities, such individual will not participate in the Partnership's determination of whether or not to effect such purchase or sale.

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

Jonathan G. Katz,

Secretary.

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[Release No. 34-37314; File No. SR-DTC-96-08]

Self-Regulatory Organizations; The Depository Trust Company; Order Granting Accelerated Approval of a Proposed Rule Change To Establish a Custody Service for Certain Non-Depository Eligible Securities

June 14, 1996.

On April 2, 1996, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-DTC-96-08) pursuant to Section 19(b)(1) of the Securities

³ The Partnership will preserve the accounts, books, and other documents required to be maintained in an easily accessible place for the first two years.

Exchange Act of 1934 ("Act")¹ to establish a custody service for certain non-depository eligible securities. Notice of the proposal was published in the Federal Register on June 7, 1996.² No comment letters were received. For the reasons discussed below, the Commission is granting accelerated approval of the proposed rule change.

I. Description

The rule change will establish a method by which the securities industry can centralize the safe-keeping of certificates which are not currently deposited at DTC because either the DTC participant desires that the certificate be held in customer or firm name or the issue is not eligible for full depository services (e.g., securities with certain transfer restrictions). The Custody Service will permit DTC participants to deposit such securities at DTC for safe-keeping and other limited depository services.³ Certificates deposited through the Custody Service will be held by DTC in customer or firm name and will not be transferred into DTC's nominee name. Therefore, a security issue deposited through the Custody Service ("Custody Issue") will not be eligible for all DTC book-entry services unless a depositing participant directs DTC to transfer the position originally credited to the participant's custody free account to the participant's general free account.⁴

The Custody Service will be implemented in three phases. This order approves implementation of the first two phases.⁵ As each phase is

introduced, additional services will be offered to DTC participants. During Phase I, DTC will accept deposits, process withdrawals, and transfer eligible Custody Issues into a participant's general free account. DTC will designate two segregated ("seg") accounts of the participant's DTC general account for Custody Service use. One seg account will be utilized to reflect securities on deposit with DTC that are stored in DTC's vault ("custody free account"). The second seg account will be utilized to reflect previously deposited securities placed in-transit ("custody transfer account").⁶

DTC participants will access the Custody Service through a new participant terminal system (i.e., DTC's PTS System) application that will interface with the custody certificate database⁷ in a real time manner and will provide separate Custody Service inquiry and processing options. The inquiry options will enable participants to retrieve and view certificate level detail of Custody Service deposits stored in the custody certificate database. In addition to the PTS function, participants will be able to submit Custody Service transactions through existing DTC outputs including computer-to-computer, main frame dual host, and the distributed program link.

Phase II of the Custody Service will add redemption and reorganization services. When a custody position becomes the subject of a reorganization or redemption, DTC generally will report the event to its participants using

existing services.⁸ In addition, DTC participants will be able to utilize DTC's Reorg Deposit Service⁹ to present eligible Custody Issues for mandatory reorganizations, full and partial calls, maturities, name changes, reverse splits, mergers, and other similar activities. Participants will be able to submit negotiable and transferrable Custody Issues for voluntary reorganizations through existing, modified services. DTC also will collect and distribute the proceeds derived from the presentment of custody deposits.

In Phase III of the Custody Service, DTC will implement the capability to collect and distribute dividend and interest payments for Custody Issues. DTC intends only to implement Phase I at this time with the other phases to follow in accordance with the experience and needs of DTC participants.¹⁰

DTC believes that the Custody Service will provide brokers and dealers with appropriate control over Custody Issues for purposes of Rule 15c3-3(b)¹¹ under the Act. In accordance with the requirements for the satisfactory control of securities set forth in Rule 15c3-3(c)(5),¹² DTC believes (i) it is a "bank" within the meaning of Section 3(a)(6) of the Act because it is a member bank of the Federal Reserve System, (ii) the delivery of Custody Issues to brokers and dealers will not require the payment of money or value, and (iii) the Custody Issues in DTC's custody or control will not be subject to any right, charge, security interest, lien, or claim of any kind in favor of DTC or any person claiming through DTC.

II. Discussion

Section 17A(b)(3)(F)¹³ of the Act requires that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. The Commission believes DTC's proposed

¹ 15 U.S.C. § 78s(b)(1) (1988).

² Securities Exchange Act Release No. 37256 (May 30, 1996), 61 FR 29158.

³ A more detailed description of DTC's proposed Custody Services is set forth in Exhibit B, "DTC Custody Service," to the filing, which is available for review at the Commission's Public Reference Room.

⁴ All necessary documents (e.g., stock powers or endorsements) to effect a legal transfer from customer or firm name to DTC's nominee name must be deposited with DTC prior to or contemporaneously with a participant's instruction to transfer the position from a participant's custody free account to the participant's general free account. Custody Issues eligible for transfer from a participant's custody free account to its general free account are those Custody Issues for which (i) all necessary documents of transfer are on deposit at DTC, (ii) there are no pending restrictions on transferability, and (iii) the issue is otherwise DTC eligible.

⁵ Phase I will be implemented immediately and Phase II will be implemented in several months. DTC will be required to notify the Commission in writing thirty days prior to the scheduled implementation of Phase II of the Custody Service or sooner, if known. If there are deviations in the manner of implementation or in the operation of Phase II from those that are described in the proposed rule change (File No. SR-DTC-96-08), DTC will be required to file a proposed rule change in accordance with Section 19(b)(1) of the Act prior

to commencement of operation of Phase II. In addition, DTC will be required to file a proposed rule change pursuant to Section 19(b)(1) prior to implementation of Phase III because Phase III operations will require additional development to accommodate the processing of stock dividends.

⁶ For example, a participant having previously deposited into the Custody Service a certificate ("certificate No. 1") representing 1,000 shares of a Custody Issue registered in the name of ABC submits a withdrawal-by-transfer ("WT") instruction to register 100 shares of such stock in the name of XYZ with the balance to remain registered in the name of ABC. Upon receipt of the WT request, DTC will (i) decrease the participant's custody free account by 1,000 shares, (ii) increase the participant's custody transfer account by 100 shares, and (iii) delete certificate No. 1 from the custody certificate database (described *infra* note 7). Certificate No. 1 and the WT instructions then will be forwarded to the transfer agent. When DTC receives the newly issued certificates from the transfer agent, DTC will (i) decrease the participant's custody transfer account by 100 shares, (ii) deliver the certificate representing 100 shares to ABC as prescribed by the WT instructions, (iii) increase the participant's custody free account by 900 shares, and (iv) add the certificate representing 900 shares to the custody certificate database.

⁷ The custody certificate database will reflect the certificate number, denomination, issuance date, registration, and other pertinent details of each certificate deposited into the Custody Service.

⁸ DTC will require its participants to notify DTC of redemptions and reorganizations involving Custody Issues where DTC has not already announced such an activity.

⁹ The Reorg Deposit Service enables DTC participants to deposit at DTC certificates for up to two years after the reorganization activity and to have DTC collect the proceeds on their behalf. For a complete description of DTC's Reorg Deposit Service, refer to Securities Exchange Act Release No. 34189 (June 9, 1994), 59 FR 30818 [SR-DTC-94-06] (notice of filing and immediate effectiveness of proposed rule change).

¹⁰ *Supra*, note 5.

¹¹ 17 CFR 240.15c3-3(b) (1995).

¹² 17 CFR 240.15c3-3(c) (1995).

¹³ 15 U.S.C. § 78q-1(b)(3)(F) (1988).

rule change is consistent with DTC's obligations under Section 17A of the Act because the rule change will allow DTC participants to remove certificates representing Custody Issues from their vaults and to deposit them into the Custody Service at DTC. Depositing certificates into the Custody Service along with the correspondent eligibility of Custody Issues for certain DTC securities processing services should help to reduce the costs, inefficiencies, and risks associated with the physical safekeeping of these securities outside of DTC and thereby should promote the prompt and accurate clearance and settlement of transactions in and the safeguarding of these types of securities. Moreover, the Commission believes the proposal is consistent with DTC's obligations to safeguard securities and funds under its control because Custody Issues on deposit at DTC will not be subject to any right, charge, security interest, lien, or claim of any kind in favor of DTC or any person claiming through DTC.

DTC has requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of the filing. The Commission finds good cause for so approving the proposed rule change because accelerated approval will permit DTC participants to begin immediately the process of transferring Custody Issues to DTC in order that they may utilize the Custody Service as soon as possible. Furthermore, the Commission has not received any comment letters and does not expect to receive any comment letters on the proposal.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 17A of the Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-DTC-96-08) be and hereby is approved on an accelerated basis.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁴

Jonathan G. Katz,

Secretary.

[FR Doc. 96-15908 filed 6-20-96; 8:45 am]

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SELECTIVE SERVICE SYSTEM

Forms Submitted to the Office of Management and Budget for Extension of Clearance

The following forms, to be used only in the event that inductions into the armed services are resumed, have been submitted to the Office of Management and Budget (OMB) for the extension of clearance in compliance with the Paperwork Reduction Act (44 U.S.C. Chapter 35):

SSS-21

Title: Claim Documentation Form—Administrative.

Purpose: Is used to document those claims for reclassification which can be approved by an Area Office upon the presentation of documentary proof.

Respondents: Registrants whose past or present status is reason for reclassification.

Frequency: One-time.

Burden: The reporting burden is ten minutes or less per individual.

SSS-23

Title: Claim Documentation Form—Divinity Student.

Purpose: Is used to document a claim for classification as a divinity student.

Respondents: Registrants who are divinity students.

Frequency: One-time.

Burden: The reporting burden is 20 minutes or less per individual.

SSS-24

Title: Claim Documentation Form—Hardship to Dependents.

Purpose: Is used to document a claim for classification on the basis of the hardship induction will cause a registrant's dependent(s).

Respondents: Registrants whose induction will cause hardship on their dependent(s).

Frequency: This form is normally used one-time.

Burden: The reporting burden is 30 minutes or less per individual.

SSS-25

Title: Claim Documentation Form—Minister of Religion.

Purpose: Is used to document claims for classification as a regular or duly ordained minister.

Respondents: Registrants who are regular or duly ordained ministers.

Frequency: One-time.

Burden: The reporting burden is 20 minutes or less per individual.

SSS-26

Title: Claim Documentation Form—Alien or Dual National.

Purpose: Is used to document a registrant's claim for classification as an Alien, Dual National or Treaty Alien.

Respondents: Registrants who wish to be classified as an Alien, Dual National or Treaty Alien.

Frequency: One-time.

Burden: The reporting burden is 20 minutes or less per individual.

SSS-27

Title: Claim Documentation Form—Postponement of Induction.

Purpose: Is used to document a claim for the postponement of induction.

Respondents: Registrants whose present status warrants postponement of induction.

Frequency: This form is normally used one-time.

Burden: The reporting burden is ten minutes or less per individual.

SSS-109

Title: Student Certificate.

Purpose: Is used to substantiate a claim for postponement of induction because the subject registrant is a student.

Respondents: Registrants who are attending school but have not graduated.

Frequency: This certificate is normally used one-time.

Burden: The reporting burden is six minutes or less per individual.

SSS-130

Title: Application by Alien for Relief from Training and Service in the Armed Forces of the United States.

Purpose: Is used to request relief from training and service based on being a national of a country with which an applicable treaty is in effect, i.e. "Treaty Alien."

Respondents: Those registrants who are "Treaty Aliens" and desire not to serve in the Armed Forces of the United States.

Frequency: One-time.

Burden: The reporting burden is five minutes or less per individual.

SSS-402

Title: Uncompensated Registrar Appointment.

Purpose: Is used to verify the official status of applicants for the position of Uncompensated Registrars and to establish authority for those appointed to perform as Selective Service System Registrars.

Respondents: United States citizens over the age of 18.

Frequency: One-time.

Burden: The reporting burden is three minutes or less.

Copies of the above identified forms can be obtained upon written request to

¹⁴ 17 CFR 200.30-3(a)(12) (1995).