the use of securities depositories outside the U.S.[4] Because of the limitations imposed by section 17(f) and rule 17f–4, Chase was required to obtain exemptive relief in order to utilize foreign banks and foreign securities depositories as subcustodians for the assets of U.S. Investment Companies.

3. Section 6(c) of the Act provides, in relevant part, that the SEC may exempt any person or class of persons from any provision of the Act or from any rule thereunder, if such exemption is necessary or appropriate in the public interest, consistent with the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act.

4. Applicants believe that the requested amendment is necessary and appropriate in the public interest to permit U.S. Investment Companies for which Chase serves as custodian or subcustodian to continue relying on the Prior Order after the Merger. Applicants state that the Merger, a transaction undertaken for reasons unrelated to the terms of Chase's foreign custody arrangements, should not have the unintended effect of terminating the ability of New Chase and its U.S. Investment Company customers to rely on the Prior Order. Chase has numerous longstanding contractual relationships with its U.S. Investment Company customers, and with numerous foreign subcustodians, predicated on the Prior Order. Applicants believe that, while the terms of these contracts do not differ materially from the requirements of rule 17f–5 (except in ways that are more favorable to U.S. Investment Companies), it would be administratively burdensome and expensive to amend these contracts to delete references to the Prior Order and to conform the contracts to rule 17f–5.

5. Applicants believe that the assets to which the Prior Order relates will be as effectively protected by New Chase as they have been by Chase. Following the Merger, New Chase will be required to indemnify U.S. Investment Companies for losses to the same extent that Chase is currently required to do so under the Prior Order. Applicants believe that, in certain respects, the Prior Order imposes more stringent requirements, and therefore provides a higher level of protection for U.S. Investment Company assets, than does rule 17f–5. Applicants state that this application does not seek to change in any manner the terms and protections applicable to U.S. Investment Company assets held in custody under the Prior Order.

6. Applicants state that the Prior Order is consistent with the purposes of section 17(f) and of rule 17f–5. The purpose of the section is to ensure that U.S. Investment Companies hold securities in a safe manner that protects the interests of their shareholders. The purpose of the rule is to relieve U.S. Investment Companies of the expense and inconvenience of transferring assets to the custody of a U.S. bank or other qualified custodian outside the jurisdiction in which the primary trading market for those assets is located and to reduce the risks inherent in maintaining assets outside the U.S. Applicants state that the requested amendment would permit New Chase and the U.S. Investment Companies for which it acts as custodian or subcustodian to continue relying on the Prior Order under the same terms and conditions of the Prior Order and is therefore consistent with these purposes.

7. Applicants state that in granting the Prior Order, the SEC determined that the arrangements which that order permits satisfy the standards of section 6(c). Applicants believe that the substitution of New Chase for Chase as the party to which the terms and conditions of the Prior Order applies in no way detracts from the continuing validity of the SEC's determination. Therefore, applicants believe the requested order satisfies these standards.

Condition

Applicants agree that the order granting the requested relief shall be subject to the condition that, following the merger of Chase and Chemical, New Chase will comply with all of the terms and conditions of the Prior Order as if such order had been granted to New Chase.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–16169 Filed 6–24–96; 8:45 am]

BILLING CODE 8010–01–M

[4] Rule 17f–4 was amended in 1984 (after the adoption of rule 17f–5) to permit the use of certain foreign securities depositories in accordance with rule 17f–5. Investment Company Act Release No. 14132 (Sept. 7, 1984).

[Investment Company Act Release No. 22032; International Series Release No. 997; 812–10172]

Commonwealth Bank of Australia; Notice of Application

June 19, 1996.

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

ACTION: Notice of application for exemption under the Investment Company Act of 1940 (the ''Act'').

APPLICANT: Commonwealth Bank of Australia (''CBA'').

RELEVANT ACT SECTIONS: Order under section 6(c) of the Act for an exemption from section 17(f) of the Act.

SUMMARY OF APPLICATION: CBA requests an order that would permit registered investment companies other than investment companies registered under section 7(d) (a ''U.S. Investment Company''), for which CBA serves as custodian or subcustodian, to maintain foreign securities and other assets in Australia with CBA Nominees Limited (''CBA Nominees Ltd.''), a wholly-owned subsidiary of CBA.

FILING DATE: The application was filed on May 30, 1996.

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 July 15, 1996, and should be accompanied by proof of service on the 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 reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicant: 48 Martin Place, Sydney, New South Wales, 2000, Australia; cc: Thomas J. Rice, Esq., Coudert Brothers, 1114 Avenue of the Americas, New York, NY 10036–7703.

FOR FURTHER INFORMATION CONTACT: Marianne H. Khawly, Staff Attorney, at (202) 942–0562, or Alison E. Baur, 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 from the SEC's Public Reference Branch.

Applicant's Representations

1. CBA is a bank organized and existing under the laws of Australia. CBA is authorized and regulated in Australia by the Reserve Bank of Australia, an agency of the Commonwealth Government, under the Banking Act of 1959. CBA carries out a

wide range of banking, financial, and related activities in Australia and internationally. CBA offers trustee and custodial services in Australia through CBA Nominees Ltd. because the Reserve Bank of Australia's prudential guidelines provide that such activities be kept separate from CBA in its capacity as a bank. CBA is the second largest bank in Australia in terms of total domestic assets. At June 30, 1995, CBA had consolidated shareholders' equity in excess of $5 billion.

2. CBA Nominees Ltd., a wholly-owned subsidiary of CBA, was organized in 1965 and exists under the laws of New South Wales, Australia. CBA Nominees Ltd. does not have any employees, rather, its work is carried out by CBA employees.

3. CBA requests an order to permit CBA, CBA Nominees Ltd., any U.S. Investment Company, and any custodian for a U.S. Investment Company to maintain foreign securities, cash, and cash equivalents (collectively, ''Assets'') in the custody of CBA Nominees Ltd. as delegate for CBA. For the purposes of this application, ''foreign securities'' includes: (a) securities issued and sold primarily outside the United States by a foreign government, a national of any foreign country, or a corporation or other organization incorporated or organized under the laws of any foreign country; and (b) securities issued or guaranteed by the Government of the United States or by any state or any political subdivision thereof or by any agency thereof or by any entity organized under the laws of the United States or of any state thereof which have been issued and sold primarily outside the United States.

Applicant's Legal Analysis

1. Section 17(f) of the Act requires every registered management investment company to place and maintain its securities and similar investments in the custody of certain enumerated entities, including a bank having at all times aggregate capital, surplus, and undivided profits of at least $500,000. A ''bank'', as that term is defined in section 2(a)(5) of the Act, includes: (a) a banking institution organized under the laws of the United States; (b) a member bank of the Federal Reserve System; and (c) any other banking institution or trust company, whether incorporated or not, doing business under the laws of any state or of the United States, a substantial portion of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to national banks, which is supervised or examined by state or federal authority having supervision over banks, and which is not operated for the purposes of evading the Act.

2. The only entities located outside the United States that section 17(f) authorizes to serve as custodians for registered management investment companies are the overseas branches of qualified U.S. banks. Rule 17f–5, however, expands the group of entities that are permitted to serve as foreign custodians. The rule defines the term ''Eligible Foreign Custodian'' to include a banking institution or trust company, incorporated or organized under the laws of a country other than the United States, that is regulated as such by that country's government or an agency thereof and that has shareholders' equity in excess of $200,000,000 or its equivalent. CBA is an Eligible Foreign Custodian under the rule.

3. CBA Nominees Ltd. is not an Eligible Foreign Custodian under rule 17f–5 because it is not a banking institution or trust company incorporated or organized under the laws of a country other than the United States and does not have shareholders' equity in excess of $200,000,000. Absent exemptive relief, therefore, it could not serve as a custodian for U.S. Investment Company Assets.

4. Section 6(c) provides, in relevant part, that the SEC may, conditionally or unconditionally, by order, exempt any person or class of persons from any provision of the Act or from any rule thereunder, if such exemption is necessary or appropriate in the public interest, consistent with the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act. CBA believes that its request satisfies this standard.

Applicant's Conditions

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

1. The foreign custody arrangements proposed with respect to CBA Nominees Ltd. will satisfy the requirements of rule 17f–5 in all respects, except insofar as CBA Nominees Ltd.: (a) is not a banking institution or trust company incorporated or organized under the laws of a country other than the United States; and (b) does not have shareholders' equity in excess of $200,000,000.

2. CBA, when providing custody services to a U.S. Investment Company, will deposit Assets with CBA Nominees Ltd. only in accordance with one of the two contractual arrangements described below, which arrangement will remain in effect at all times during which CBA Nominees Ltd. fails to satisfy the criteria of an Eligible Foreign Custodian in rule 17f–5.

a. *The Three-Party Agreement Arrangement.* Under this arrangement, the agreement will be a three-party agreement (the ''Agreement'') among (i) CBA, (ii) CBA Nominees Ltd., and (iii) the U.S. Investment Company, or the custodian for a U.S. Investment Company pursuant to which CBA will undertake to provide specified custody or subcustody services, and will delegate to CBA Nominees Ltd. such of the duties and obligations of CBA as will be necessary to permit CBA Nominees Ltd. to hold in custody the U.S. Investment Company's Assets. The Agreement further will provide that CBA will be liable for any loss, damage, cost, expense, liability, or claim arising out of or in connection with the performance by CBA Nominees Ltd. of it responsibilities under the Agreement to the same extent as if CBA had itself been required to provide custody services under the Agreement, except for such loss, damage, cost, expense, liability, or claim as may result from political risk and those as may result from other risks of loss (excluding bankruptcy or insolvency of CBA Nominees Ltd.) for which neither CBA nor CBA Nominees Ltd. would be liable under rule 17f–5.

b. *The Custody Agreement/ Subcustody Agreement Arrangement.* Under this arrangement, Assets will be deposited with CBA Nominees Ltd. in accordance with the Custody Agreement and Subcustody Agreement defined below.

i. The Custody Agreement will be between CBA and the U.S. Investment Company or any custodian for a U.S. Investment Company. In that agreement, CBA will undertake to provide specified custody or subcustody services, and the U.S. Investment Company (or its custodian) will authorize CBA to delegate to CBA Nominees Ltd. such of CBA's duties and obligations as will be necessary to permit CBA Nominees Ltd. to hold in custody the U.S. Investment Company's Assets. The Custody Agreement further will provide that CBA will be liable for any loss, damage, cost, expense, liability, or claim arising out of or in connection with the performance by CBA Nominees Ltd. of its responsibilities to the same extent as if CBA had itself been required to provide custody services under the Custody Agreement, except for such loss, damage, cost, expense, liability, or claim as may result from political risk and those as may result from other risks of loss (excluding bankruptcy or insolvency of CBA Nominees Ltd.) for

which neither CBA nor CBA Nominees Ltd. would be liable under rule 17f–5.

ii. A Subcustody Agreement will be executed by CBA and CBA Nominees Ltd. Pursuant to this agreement, CBA will delegate to CBA Nominees Ltd. such of CBA's duties and obligations as will be necessary to permit CBA Nominees Ltd. to hold Assets in custody in Australia. The Subcustody Agreement will explicitly provide that (i) CBA Nominees Ltd. is acting as a foreign custodian for Assets that belong to a U.S. Investment Company pursuant to the terms of an exemptive order issued by the SEC and (ii) the U.S. Investment Company or its custodian (as the case may be) that has entered into a Custody Agreement will be entitled to enforce the terms of the Subcustody Agreement and can seek relief directly against CBA Nominees Ltd. The Subcustody Agreement will be governed by the law of Australia and CBA shall obtain an opinion of counsel in Australia opining as to the enforceability of the rights of a third party beneficiary under the laws of that country.

3. CBA currently satisfies and will continue to satisfy the requirements set forth in rule 17f–5(c)(2).

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–16164 Filed 6–24–96; 8:45 am]

BILLING CODE 8010–01–M

[Rel. No. IC–22027; 811–5491]

Nuveen California Municipal Income Fund, Inc.; Notice of Application

June 19, 1996.

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

ACTION: Notice of application for deregistration under the Investment Company Act of 1940 (the ''Act'').

APPLICANT: Nuveen California Municipal Income Fund, Inc.

RELEVANT ACT SECTIONS: Order requested under section 8(f).

FILING DATES: The application was filed on May 17, 1996.

SUMMARY OF APPLICATION: Applicant requests an order declaring that it has ceased to be an investment company.

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 applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on July 15, 1996, 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 may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, N.W., Washington, D.C. 20549. Applicant, 333 West Wacker Drive, Chicago, Illinois 60606.

FOR FURTHER INFORMATION CONTACT: David W. Grim, Staff Attorney, at (202) 942–0571, or Robert A. Robertson, 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.

Applicant's Representations

1. Applicant is a registered closed-end management investment company organized as a Minnesota corporation. On March 4, 1988, applicant filed a Notification of Registration on Form N–8A pursuant to section 8(a) of the Act and a registration statement on Form N–1A under section 8(b) of the Act and under the Securities Act of 1933. The registration statement became effective on April 19, 1988, and the initial public offering commenced soon thereafter.

2. On July 26, 1995, applicant's board of directors unanimously approved the Agreement and Plan of Reorganization and Liquidation (the ''Agreement''), under which substantially all of the assets of applicant would be transferred to Nuveen California Municipal Value Fund, Inc. (the ''Acquiring Fund''), a Minnesota corporation registered under the Act as a closed-end management investment company, in exchange for shares of the Acquiring Fund. Following receipt of the shares of the Acquiring Fund, applicant would distribute those shares to its shareholders in complete liquidation of applicant. In accordance with rule 17a–8 under the Act,[1] applicant's board of directors determined that the proposed reorganization was in the best interest of applicant and that the interests of the existing shareholders of applicant would not be diluted as a result of the proposed reorganization.

3. The proposed reorganization was approved by applicant's shareholders at the annual shareholder meeting on November 16, 1995.

4. Pursuant to the Agreement, on January 8, 1996, applicant transferred substantially all of its assets to the Acquiring Fund. In exchange for applicant's assets, the Acquiring Fund transferred the number of Acquiring Fund shares having an aggregate net asset value equal to the value of applicant's net assets to applicant and assumed substantially all of applicant's liabilities. Following this exchange, applicant distributed the shares of the Acquiring Fund received in connection with the reorganization to its shareholders on a *pro rata* basis (the ''Reorganization''). On the date of Reorganization, applicant had 5,209,911 shares of beneficial interest outstanding, having an aggregate net asset value of $61,944,963.96 and a net asset value per share of $11.89.

5. Applicant and the Acquiring fund together have incurred, in the aggregate, expenses of $161,604 in connection with the Reorganization. The aggregate expenses include legal fees, audit fees and expenses, printing expenses, mailing expenses, proxy solicitation expenses, and filing fees. The expenses resulting from the Reorganization were allocated between applicant and the Acquiring Fund based upon estimated savings to each as a result of expected reduced operating expenses following the Reorganization. Estimated expenses relating to the Reorganization were accrued prior to the effective time of the Reorganization, with applicant paying a total of $95,661 and the Acquiring Fund paying a total of $65,943.

6. Applicant has retained cash to pay certain liabilities accrued in connection with the Reorganization. As of May 1, 1996, the amount of such cash was $39,660.56.

7. As of the date of the application, applicant had no shareholders. Applicant is not a party to any litigation or administrative proceeding. Applicant is neither engaged nor proposes to engage in any business activities other than those necessary for the winding-up of its affairs.

8. Applicant intends to file a certificate of dissolution in accordance with the law of the State of Minnesota.

[1] Rule 17a–8 provides an exemption from section 17(a) of the Act for certain reorganizations among registered investment companies that may be affiliated persons, or affiliated persons of an affiliated person, solely by reason of having a common investment adviser, common directors, and/or common officers.