of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Direct your written comments to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549.

Dated: September 19, 1996.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–25621 Filed 10–4–96; 8:45 am]

BILLING CODE 8010–01–M

[Investment Company Act Release No. 22255; 812–10292]

PaineWebber America Fund, et al.; Notice of Application

September 30, 1996.

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

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

APPLICANTS: PaineWebber America Fund; PaineWebber Cashfund, Inc.; PaineWebber Investment Series; PaineWebber Managed Assets Trust; PaineWebber Managed Investments Trust; PaineWebber Managed Municipal Trust; PaineWebber Master Series, Inc.; PaineWebber Municipal Series; PaineWebber Mutual Fund Trust; PaineWebber Olympus Fund; PaineWebber Financial Services Growth Fund Inc.; PaineWebber RMA Money Fund, Inc.; PaineWebber RMA Tax-Free Fund, Inc.; PaineWebber Securities Trust; PaineWebber Municipal Money Market Series; PaineWebber Investment Trust; PaineWebber Investment Trust II; PaineWebber Investment Trust III; Liquid Institutional Reserves; PaineWebber Select Fund (together, the ''Funds'') [1]; Mitchell Hutchins Asset Management Inc. (''Mitchell Hutchins''); and PaineWebber Incorporated (''PaineWebber'').

RELEVANT ACT SECTIONS: Order requested under section 6(c) of the Act granting an exemption from section 12(d)(1) of the Act and under sections 6(c) and 17(b) of the Act granting an exemption from section 17(a) of the Act.

SUMMARY OF APPLICATION: The order would permit certain PaineWebber funds to operate as ''funds of funds'' by investing in affiliated open-end investment companies in excess of the percentage limitations of section 12(d)(1).

FILING DATES: The application was filed on August 13, 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 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 October 25, 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 Fifth Street, N.W., Washington, D.C. 20549. Applicants, c/o PaineWebber, 1285 Avenue of the Americas, New York, NY 10019, Attention: Victoria E. Schonfeld, Esq.; and Wilmer, Cutler & Pickering, 2445 M Street, NW., Washington, DC 20037, Attention: Jeremy N. Rubenstein, Esq. & James E. Anderson, Esq.

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

Applicants' Representations

1. Each Fund is organized either as a Maryland corporation or a Massachusetts business trust and is registered under the Act as an open-end management investment company. PaineWebber Select Fund is a series company that initially will offer one or more series. The series of the PaineWebber Select Fund, together with certain series of other Funds and certain other Funds that do not offer their securities in separate series, are hereinafter referred to as the ''Select Funds.'' Any Fund that is not a Select Fund is hereinafter referred to as an ''Underlying Fund.'' Applicants propose to invest substantially all of the assets of the Select Funds in shares of the Underlying Funds.

2. PaineWebber is a publicly owned securities brokerage, investment banking, and asset management firm offering a broad range of services to corporations, institutions, and substantial private investors worldwide. Mitchell Hutchins is a wholly-owned subsidiary of PaineWebber. PainWebber and Mitchell Hutchins are each registered as a broker-dealer under the Securities Exchange Act of 1934 and as an investment adviser under the Investment Advisers Act of 1940. PaineWebber or Mitchell Hutchins is the investment adviser for each of the Funds. PaineWebber or Mitchell Hutchins is also the principal underwriter for each of the Funds.

3. The Select Funds have been designed to satisfy the demand of investors for a simple and cost-effective means of obtaining professional investment allocation of their assets among a diversified group of mutual funds. Pursuant to its investment objective and its policies, each Select Fund will invest in shares of Underlying Funds, and in no event will hold investment securities other than shares of Underlying Funds and cash equivalents. A Select Fund will not invest in an Underlying Fund unless the Underlying Fund may not acquire securities of any other investment company in excess of the limits contained in section 12(d)(1)(A), except for securities received as a dividend or as a result of a plan of reorganization of any company. Applicants currently expect that the Select Funds will not pay sales loads or bear expenses under rule 12b–1 plans in connection with the Select Funds' investments in Underlying Fund shares. If a Select Fund in the future determines to invest in shares of Underlying Funds that may incur sales charges, it will do so only in conformity with the NASD restrictions on aggregate sales charges.

4. PaineWebber and Mitchell Hutchins are considering charging an advisory fee, presently expected to be up to a maximum of 50 basis points (.50%) (which may be waived initially), for allocating assets for the different Select Funds, monitoring general economic conditions, and providing other advisory services. Although PineWebber and Mitchell Hutchins would also earn advisory fees arising by virtue of their investment advisory contracts with the Underlying Funds, these fees will not be duplicative of any fee charged directly to the Select Funds.

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[1] The term ''Fund'' means, as the context requires, each of the above-referenced investment companies acting on its own behalf, or, if it is a series company, acting on behalf of one or more of its series; the term may also mean, as the context requires, the separate series of each Fund.

Existing Funds that intend to rely on the requested order, including Underlying Funds (as hereinafter defined), have been named as applicants. Other Funds do not presently intend to rely on the requested order, but may do so in the future in accordance with the terms of the application.

Any advisory fee charged at the level of the Select Funds will compensate PaineWebber and Mitchell Hutchins for services that are unique to the Select Funds and are not provided at the Underlying Fund level.

5. Applicants request that any relief granted pursuant to the application also apply to each open-end management investment company or series thereof that is or will be part of a group of investment companies that holds itself out to investors as related companies for purposes of investment and investor services (i) for which PaineWebber or any entity controlling, controlled by, or under common control with PaineWebber now or in the future acts as principal underwriter; or (ii) for which PaineWebber or any entity controlling, controlled by, or under common control with PaineWebber now or in the future acts as investment adviser.

Applicants' Legal Analysis

A. Section 12(d)(1)

1. Section 12(d)(1)(A) provides that no registered investment company may acquire securities of another investment company if such securities represent more than 3% of the acquired company's outstanding voting stock, more than 5% of the acquiring company's total assets, or if such securities, together with the securities of any other acquired investment companies, represent more than 10% of the acquiring company's total assets. Section 12(d)(1)(B) provides that no registered open-end investment company may sell its securities to another investment company if the sale would cause the acquiring company to own more than 3% of the acquired company's voting stock, or if the sale would cause more than 10% of the acquired company's voting stock to be owned by investment companies.

2. Section 6(c) provides that the SEC may exempt persons or transactions if and to the extent that such 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. Applicants request an order under section 6(c) exempting them from section 12(d)(1) to permit the Select Funds to invest in the Underlying Funds in excess of the percentage limitations of section 12(d)(1).

3. Applicants state that section 12(d)(1), as originally adopted and as amended in 1970, is intended to mitigate or eliminate actual or potential abuses that might arise when an investment company acquires shares of another investment company. These abuses include the layering of sales charges and advisory fees and the acquiring fund imposing undue influence over the management of the acquired funds through the threat of large-scale redemptions.

4. Applicants state that the proposed fund of funds structure contains no layering of sales charges or advisory fees. Layering of sales charges will be avoided because applicants currently expect that the Select Funds will not pay sales loads or bear experiences under rule 12b–1 plans in connection with the Select Funds' investments and holdings in Underlying Fund shares. The fact that applicants have reserved the right to have different sales load structures in the future, which may include the payment of sales charges or service fees at both the Select Fund and Underlying Fund level, does not permit any excessive or duplicative sales related charges due to the substantial protections provided by the application. If a Select Fund in the future determines to invest in shares of an Underlying Fund that also bears sales charges or service fees, it will do so only in conformity with the NASD's restrictions on aggregate sales charges and service fees. In addition, a Select Fund will pay no sales charge on its investments in Underlying Funds unless such charges have been reviewed and approved by the Select Fund's directors or trustees who are not ''interested persons,'' as defined in section 2(a)(19) of the Act (''Independent Trustees'').

5. As stated above, PaineWebber and Mitchell Hutchins are considering charging an advisory fee, presently expected to be up to a maximum of 50 basis points (.50%) (which may be waived initially). Applicants state that the advisory fees charged to the Select Funds and the Underlying Funds in which they invest will not be duplicative. If PaineWebber and Mitchell Hutchins determine to charge an advisory fee for the allocation services, or to increase any advisory fee borne by a Select Fund, the fees will conform to the Independent Trustee approval requirements of condition 4 below. The approval process is designed to ensure that any advisory fee that may be borne by any Select Fund will be for services that augment, rather than duplicate, the services provided to the Underlying Funds.

6. Applicants state that there is no basis for the concern that the Select Funds would exercise influence over the management of the Underlying Funds by the threat of redemptions. Applicants contend that excessive control from the threat of redemption and the accompanying loss of advisory fees is not present in the context of a fund of funds involving only funds from the same group of investment companies. Because the Select Funds will acquire only shares of Underlying Funds, a redemption from one Underlying Fund will simply lead to the placing of the proceeds into another Underlying Fund.

7. Condition 2 below prohibits a Select Fund from investing in any Underlying Fund unless the Underlying Fund may not acquire securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act, except for securities received as a dividend or as a result of a plan of reorganization of any company. The exception for securities received as a dividend or as a result of a plan of reorganization is based on section 12(d)(1)(D) of the Act, which permits an investment company to exceed the limits contained in section 12(d)(1)(A) if it acquires investment company shares as a dividend, as a result of an offer of exchange, or pursuant to a plan of reorganization (other than a plan devised for the purpose of evading section 12(d)(1)(A)). Applicants state that no Underlying Fund would participate in any plan of reorganization devised for the purpose of evading the provisions of section 12(d)(1)(A). Applicants assert that the legislative history of section 12(d)(1)(D) indicates that the enumerated exceptions are warranted because they do not involve any new commitment on the part of the acquiring investment company, and consequently do not present the abuses section 12(d)(1)(A) was intended to address.

B. Section 17(a)

1. Section 17(a) makes it unlawful for an affiliated person of a registered investment company, or an affiliated person of such person, acting as principal, to sell securities to, or purchase securities from, the company. Because the Select Funs and the Underlying Funds are each advised by PaineWebber and/or Mitchell Hutchins, the Select Funds and the Underlying Funds could be deemed to be affiliates of one another. Purchases by the Select Funds of the shares of the Underlying Funds and the sale by the Underlying Funds of their shares to the Select Funds thus could be deemed to be principal transactions between affiliated persons prohibited by section 17(a).

2. Section 17(b) provides that the SEC shall exempt a proposed transaction from section 17(a) if evidence establishes that: (a) the terms of the

proposed transaction are reasonable and fair and do not involve overreaching; (b) the proposed transaction is consistent with the policies of the registered investment company involved; and (c) the proposed transaction is consistent with the general provisions of the Act. Applicants request an exemption under sections 6(c) and 17(b) for an exemption from section 17(a).[2]

3. Applicants assert that the proposed transactions meet the standards of sections 6(c) and 17(b). As discussed previously, protections against duplicative or excessive advisory fees and sales loads ensure that the consideration to be paid in the proposed transactions will be reasonable and fair. A Select Fund's investment in an Underlying Fund will be in accordance with the Select Fund's investment restrictions and will be consistent with its policies as recited in its registration statement. Moreover, applicants represent that because the proposal provides greater diversification, lower costs, and increased administrative efficiency without diminishing the protections afforded to investors, it is consistent with the purposes of the Act.

Applicants' Conditions

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

1. The Select Funds and each Underlying Fund will be part of the same ''group of investment companies'' as defined in paragraph (a)(5) of rule 11a–3 under the Act.

2. The Select Funds will not invest in an Underlying Fund unless that Fund may not acquire securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act, except for securities received as a dividend or as a result of a plan of reorganization of any company.

3. At least a majority of each Select Fund's trustees will be Independent Trustees.

4. Prior to approving any advisory contract under section 15 of the Act or promptly upon the termination of a fee waiver, the trustees of each Select Fund, including a majority of the Independent Trustees, will find that the advisory fees charged under such contract, if any, are based on services provided that will be in addition to, rather than duplicative of, the services provided under the advisory contract of any Underlying Fund in which a Select Fund may invest; provided that no such findings will be necessary if the investment adviser to an Underlying Fund waives all advisory fees that may be imposed for serving as investment adviser to the Underlying Fund, or, if only a portion of those advisory fees are waived, the investment adviser or another party reimburses the Underlying Fund for any advisory fee or portion thereof that is not waived. These findings and their basis will be recorded fully in the minute books of the Select Fund.

5. Any sales charges or service fees, as such terms are defined under rule 2830(b) of the NASD Conduct Rules, as may be charged with respect to securities of a Select Fund, when aggregated with any sales charges and/or service fees borne by the Select Fund with respect to shares of an Underlying Fund, will not exceed the limits set forth in rule 2830(d) of the NASD Conduct Rules.

6. Applicants will provide the following information in electronic format to the Chief Financial Analyst of the SEC's Division of Investment Management as soon as reasonably practicable following each fiscal year-end of each Select Fund, unless the Chief Financial Analyst notifies applicants that the information need no longer be submitted: (a) Monthly average total assets of each Select Fund and each Underlying Fund in which a Select Fund invests; (b) monthly purchases and redemptions (other than by exchange) for each Select Fund and each Underlying Fund in which a Select Fund invests; (c) monthly exchanges into and out of each Select Fund and each Underlying Fund in which a Select Fund invests; (d) month-end allocations of each Select Fund's assets among the Underlying Funds in which it invests; (e) annual expense ratios for each Select Fund and each Underlying Fund in which a Select Fund invests; and (f) a description of any vote taken by the shareholders of any Underlying Fund in which a Select Fund invests, including a statement of the percentage of votes cast for and against the proposal by the Select Fund and by the other shareholders of that Underlying Fund.

7. Substantially all of the assets of each Select Fund will be invested in shares of Underlying Funds. Each Select Fund will not hold any investment securities other than shares of Underlying Funds and cash equivalents.

[2] Section 17(b) applies to specific proposed transactions, rather than an ongoing series of future transactions. *See Keystone Custodian Funds*, 21 S.E.C. 295, 298–99 (1945). Section 6(c) frequently is used in conjunction with section 17(b) to grant relief from section 17(a) to permit an ongoing series of future transactions.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–25624 Filed 10–4–96; 8:45 am]

BILLING CODE 8010–01–M

Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94–409, that the Securities and Exchange Commission will hold the following meeting during the week of October 7, 1996.

An open meeting will be held on Wednesday, October 9, 1996, at 10 a.m. A closed meeting will be held on Wednesday, October 9, 1996, following the 10 a.m. open meeting. A closed meeting will be held on Thursday, October 10, 1996, at 10 a.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c) (4), (8), (9)(A) and (10) and 17 CFR 200.402(a) (4), (8), (9)(A) and (10) and 17 CFR 200.402(a)(4), (8), (9)(i) and (10), permit consideration of the scheduled matters at the closed meeting.

Commissioner Johnson, as duty officer, voted to consider the items listed for the closed meeting in a closed session.

The subject matter of the open meeting scheduled for Wednesday, October 9, 1996, at 10 a.m., will be:

(1) The Commissioner will hear oral argument on an appeal by officers and managers of the Stuart-James Co., Inc., formerly a registered broker-dealer. For further information, please contact: George Zornada at (202) 942–0968.

(2) The Commission will consider whether to issue a release adopting rule and form changes designed to streamline registrant filing requirements with respect to financial statements of significant acquisitions. For further information, please contact: Douglas Tanner, Associate Chief Accountant, Office of Chief Accountant, Division of Corporation Finance, at (202) 942–2960.

(3) The Commission will consider whether to issue a release proposing rules designed to facilitate U.S. press access to offshore press activities. The rules would clarify the conditions under which journalists may be provided access to offshore press conferences, offshore press meetings and press related materials released offshore, where a present or proposed offering of